FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

East Europe

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

FBIS-EEU-95-200
Tuesday
17 October 1995

Daily Report
East Europe

FBIS-EEU-95-200 *17 October 1995*

CONTENTS

NOTICE: This volume contains a representative selection of material previously disseminated in softcopy format.

ALBANIA

Socialists' Electoral Campaign, Tactics Examined 1
Campaign Begins in Tirana *[ZERI I POPULLIT 10 Oct]* 1
Violating Law With Grassroots *[RILINDJA DEMOKRATIKE 12 Oct]* 1
Police Disperse Tirana Rally *[GAZETA SHQIPTARE 15 Oct]* 2
Commentary Examines PS Tactics *[Editorial Report]* 2
ShIK Accused of Disrupting AD Activities *[KOHA JONE 11 Oct]* 3
PSD Protests Police Breakup of Meetings *[GAZETA SHQIPTARE 14 Oct]* 4
Greek Police 'Discriminate Against' Albanians *[Zurich BOTA SOT 13 Oct]* 4
Dynamic Growth of Private Sector Examined *[RILINDJA 8 Oct]* 5

BULGARIA

Greek Minister Comments on Agreement With Skopje *[STANDART NEWS 11 Oct]* 7
Responsibility for Kozloduy Plant Considered *[ZEMEDELSKO ZNAME 12 Oct]* 7
Commentary Opposes French Offer of Electricity *[KONTINENT 12 Oct]* 8
Commentary Views Problems of Mass Privatization *[DUMA 7 Oct]* 8

CZECH REPUBLIC

Bosnian President 'Cautious Optimist' About Peace *[LIDOVE NOVINY 14 Oct]* 10
Holan: Deployment of Nuclear Weapons Unlikely *[PRAVO 9 Oct]* 10
Klaus Rejects Poland as Speaker for EU Members *[LIDOVE NOVINY 9 Oct]* 10
New Interior Ministry Inspection Head Introduced *[DENNI TELEGRAF 4 Oct]* 11
Comment: Interior Minister's Role in Police Reform *[LIDOVE NOVINY 4 Oct]* 11
Chamber Expected To Override Screening Law Veto *[MLADA FRONTA DNES 9 Oct]* 12
Emil Zeman Elected Green Party Chairman *[LIDOVE NOVINY 9 Oct]* 12
Jiri Dienstbier To Lead Two Parties in Election *[Prague Radio]* 12
CSSD's Zeman Rules Out Coalition With ODS *[PRAVO 6 Oct]* 13
Antonin Rasek Becomes Shadow Minister *[LIDOVE NOVINY 9 Oct]* 15
Reinvestigation of Radar Export to Kyrgysztan *[MLADA FRONTA DNES 14 Oct]* 15
Ministry Endorses Controversial T-72 Tank Tender *[MLADA FRONTA DNES 11 Oct]* 15

SLOVAKIA

Slovak Insurance Company Urges Kovac Resignation *[PRAVDA 13 Oct]* 17
General Staff Spokesman on Army Reorganization *[NARODNA OBRODA 13 Oct]* 17
'Purges' To Resume at Internal Revenue Offices *[PRAVDA 7 Oct]* 18

HUNGARY

Horn on HSP Chairman, Prime Minister Roles *[Budapest Radio]* 19
Horn Explains Purpose of Visit to Serbia, Croatia *[Budapest Radio]* 20
Netherlands' Kok: Hungary Will Become EU Member *[Rotterdam ALGEMEEN DAGBLAD 12 Oct]* 21
FRY's Kontic Wants Economic Reconstruction Aid *[Budapest Radio]* 22
Goncz Interested in Iranian Oil Purchase *[Tehran IRNA]* 22

BOSNIA-HERZEGOVINA

Izetbegovic Views Chances for Peace Process *[OSLOBODJENJE 5-12 Oct]* 23

LBO Seen Demanding Change in 49:51 Ratio *[Sarajevo Radio]* 24
SDA Views Need for Cantons in Liberated Areas *[DNEVNI AVAZ 3 Oct]* 25
Sacirbegovic Comments on Federation, Cooperation *[VECERNJI LIST 9 Oct]* 26
Zubak Wants Federation To Replace Republic *[DNEVNI AVAZ 3 Oct]* 28
Silajdzic Demands Return of Bosniaks to Jajce *[Sarajevo Radio]* 29
Muratovic Blames UN for Closure of Gorazde Road *[Sarajevo Radio]* 30
Serb Leader Koljevic Sees Signs of Peace *[GLAS SRPSKI 7-8 Oct]* 30
Bosnian Serb Assembly Ends; Statement Issued *[SRNA]* 34
Karadzic Forced To Abandon Planned Belgrade Talks *[SRNA]* 35
'Despair, Chaos' Said Reigning in Banja Luka *[NASA BORBA 16 Oct]* 35
Drina Blockade Blamed for 'Unfavorable Position' *[Banja Luka Radio]* 36
Serbs Order Population Not To Flee Banja Luka *[Editorial Report]* 36
Commentary Views Western Interests in Bosnia *[DANI Sep]* 37

CROATIA

Tudjman Fires Party Leader for 'Ethnic Cleansing' *[TANJUG]* 40
Eastern Slavonia, Srem-Baranja Situation Updated 40
Talks End Without Statement *[AFP]* 40
Croatian Troops Said Moving *[TANJUG]* 41
Krajina Serbs Claim Provocations *[Belgrade Radio]* 41
SSJ: Erdut Accord Not Final *[GLAS SRPSKI 12 Oct]* 41
Voting Changes Criticized by U.S. Rights Group *[AFP]* 41
Bishops Urge Protection for Bosnian Catholics *[AFP]* 42
HDZ Hoping For Election Victory in Istria *[Zagreb Radio]* 42

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Bulgarian MP's Sign Open Letter to Speaker Andov *[MIC]* 44
Commentary Views Balance of Power After Bombing *[MIC]* 44
Commentary States Gligorov Bombing Failed *[NOVA MAKEDONIJA 13 Oct]* 45
Discussions With Greece on Name To Continue *[MIC]* 47
Greece Lifts Embargo *[MIC]* 47
Border With Greece Opens *[MIC]* 47

POLAND

Need To Adapt Maps to NATO Standards Noted *[ZOLNIERZ POLSKI Sep]* 49
Passports Required for Russians From Kaliningrad *[ZYCIE WARSZAWY 13 Oct]* 50
Security Office Head on Defense, Threats, Budget *[POLSKA ZBROJNA 11 Oct]* 50
Election Campaign Interview With Kwasniewski *[Warsaw Radio]* 52
Reorganization of Economic Ministries Explained *[PRZEGLAD RZADOWY May]* 53
Effects of Law on Financial Restructuring Reviewed *[PRZEGLAD RZADOWY May]* 56
State-Funded Commercial Agency Reaps Profit *[GAZETA BANKOWA 16 Jul]* 58

ROMANIA

Fuel Smuggling to FRY 'Practically Halted' *[VOCEA ROMANIEI 3 Oct]* 60
Islamic 'Emissaries' at Work in Dobrogea Schools *[EVENIMENTUL ZILEI 10 Oct]* 61
PL '93 Head: Iliescu 'Lied' in IPU Speech *[AZI 11 Oct]* 62

Yugoslavia

Federal

Yugoslav-French Scientific Cooperation Discussed *[TANJUG]* 63

Chinese Delegation Arrives in Belgrade *[TANJUG]* 63

Serbia

DS Leader Views Bosnia, Slavonia, War Crimes *[Berlin DIE TAGESZEITUNG 12 Oct]* 63
Differences Seen Among DS Leaders on Bosnia *[NASA BORBA 13 Oct]* 65
Seselj: Milosevic Should Not Represent RS *[NASA BORBA 16 Oct]* 65
Suspended Serb-Croat Talks on Slavonia Viewed *[BORBA 11 Oct]* 65
Industrial Output on Target by Year-End *[TANJUG]* 66
Fuel Shortage Affects Belgrade Transportation *[POLITIKA EKSPRES 13 Oct]* 67

Montenegro

Political Parties on Bosnia Cease-Fire Accord *[Editorial Report]* 67
Bulatovic Urges Halt to Muslim-Croat Offensive *[TANJUG]* 68
Dispute With Belgrade Halts Mining in Pljevlja *[NASA BORBA 13 Oct]* 68
Merchant Fleet 'Near Halved' by Sanctions *[TANJUG]* 69
Navy Bans Maritime Activity on Coast *[MONITOR 13 Oct]* 69
Border Traffic Controls Lower Oil Imports *[MONITOR 13 Oct]* 69
Foreign Firms Slowly Beginning To Invest *[EKONOMSKA POLITIKA 21 Aug]* 69

Kosovo

Rugova Calls For Presence at Paris Talks *[RILINDJA 14 Oct]* 72
Rugova Calls For 'Independent,' 'Neutral State' *[KOSOVA DAILY REPORT]* 72
Commentary Views Impact of Economic Problems *[Zurich BOTA SOT 12 Oct]* 73
LDK: Serbs Levy 'Heavy Taxes' for Settlers *[KOSOVA DAILY REPORT]* 73
End to Serb State-Sponsored 'Terror' Urged *[KOSOVA DAILY REPORT]* 74
Serbian 'Ill-Treatment' of Albanians Reported *[Editorial Report]* 74

Vojvodina

Negative Semiannual Economic Results Reported *[EKONOMSKA POLITIKA 11 Sep]* 75

Socialists' Electoral Campaign, Tactics Examined

Campaign Begins in Tirana

AU1310094495 Tirana ZERI I POPULLIT in Albanian 10 Oct p 1

[Article by Erion Brace: "Full Conviction in Victory"]

[FBIS Translated Text] Today the Socialists started their prelectoral campaign in the capital. It was announced last night at the extended meeting of Tirana Socialists who had gathered at the seat of the Socialist Party [PS]. "The practical application of the most important preelectoral political action begins tomorrow. In the big hall of the Arts Academy, Socialist deputies and advisers will talk with the electorate of District No. 3," said the PS chairman for Tirana, Musa Ulqini. "Later 23 meetings of this kind will be organized; wherever possible in the capital 24 district councils will organize open meetings with Socialist deputies and advisers," said Ulqini. The objective of all these meetings, according to Ulqini, is victory in the capital. "This is the motto of our work. It is not a political or propaganda slogan, but a possible reality," said Ulqini. "We are sure to win over 50 percent of the votes in the capital," he stressed, adding the following figures as argument:

—On 22 March we received only 22 percent.

—On 26 July we reached 30.1 percent.

—In September 1993, 31,000 people from the capital signed the petition for the release of Fatos Nano.

—In the November referendum, the Socialists met, almost alone, face to face with the Democratic Party [PD] and the 'no' vote was 49.6 percent, while 10,000 citizens did not register at all.

The latest survey gives the figure of 53.4 percent for the PS.

While citing these arguments, Ulqini also stressed the need for maximum organizational measures to protect the free vote and avoid possible manipulation.

Deputy Chairman Pellumbi spoke about the recent meetings of the Socialist deputies in many districts of the country. "We have tried to pass your experience to other districts because Tirana's weight in the country is great," said Prof. Pellumbi. He continued: "We have to convince the electorate that our victory is a real and objective possibility and that this is in the interest of democracy in Albania, in the interest of the electorate."

The deputy chairman considered this victory not as a struggle to get positions, but as a possibility dictated by the grave situation in Albania.

He said: "We must know how to win," and he demanded the mobilization of all the links and structures of the party.

The deputy chairman said that the main slogan of the largest Albanian party will be: "We will win." Prof. Pellumbi pointed out the possiblities of this victory:

"The party is organized everywhere, in town, country, minority villages, and it has broad support from the grass roots.

"As for the electorate itself, the PS has a stable electoral nucleus, which other political forces do not have, including the Democratic Party that emerged as a movement and never consolidated as a party. We have the possibility of increasing our electorate because of this.

"FRESH [Forum of Eurosocialist Youth] is a force that we not only consider as voters, but as a very active structure within the PS. The same can be said about the masses of women in town and country.

"There are great possibilities for alliances. It is no longer 22 March, when the PS was isolated and had to confront all the other political forces. Now it is Berisha who has remained alone in the country and has also lost foreign allies. This was also noticed in the latest events. The brutal decisions against the legal system are unacceptable not only for the U.S. State Department, but also for every democratic country.

"A segment of businessmen has been created which seems to vote for the Democratic Party. They are individuals, yes, but not the mass of businessmen who will vote against it. This will happen because this group cannot support the PD government policy that fills coffers by applying heavy custom duties or by making them compete with the scandalous contraband. In our program we have defined medium and small business as a priority, and we will apply a fiscal system that will support this business."

In conclusion the SP deputy chairman answered further questions.

The meeting continued with discussions and concrete tasks.

Violating Law With Grassroots

AU1710084995 Tirana RILINDJA DEMOKRATIKE in Albanian 12 Oct 95 p 1

[Article by E. Paloka: "PS Violating Law on Political Parties"]

[FBIS Translated Text] There is a law on the activities of the political parties which among other things clearly

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

defines that the organization of political parties in state institutions and enterprises is prohibited. As in many other cases the Socialist Party [PS] leaders have violated this law. The Saranda PS chairman revealed this fact accidentally. In a protest statement to Health Services Director Petraq Kaci over the dismissal of two physicians in Saranda, [Saranda PS] Chairman Llanaj complains that the two physicians were dismissed on political grounds. "Vojsava Vasili is the district socialist women's organization chairwoman, and Tefta Xhani is the head of the PS organization in the clinic."

Protesting the dismissal of the two physicians (who in fact were dismissed because they had been away from their jobs for two weeks) Comrade Astrit Llanaj accidentally reveals a flagrant violation of the law by the PS.

Violating the law on the political parties, PS still organizes grassroots organizations in state enterprises and institutions that are the same as the ones when the PS was called the Workers Party. Each passing day proves that the PS carries out another covert and unlawful activity alongside their legal ones.

The latest fact about this activity, the distribution of unlawful leaflets, came from Saranda. The PS leadership tried to deny ties with people who distributed the leaflets. Comrade Astrit in person had to oust them from the party, raising the reaction of other PS militants in Saranda. It is this chairman who reveals another violation of the PS, which appears to have extended throughout Albania. No doubt the PS Presidency will deny this. They will say that this is something they know nothing about, and maybe they will dismiss Comrade Astrit Llanaj and later will instruct others to be more prudent.

However hard they try to hide such illigal activities it is common knowledge that activities such as the distribution of leaflets, propagation of false information to create incidents, the organization of illegal gatherings and terrorist acts are directed by former Sigurimi people who are connected to the PS. So far they have been revealed and discredited, but very soon ties with the PS will also be revealed and then this party will have to answer to the law, as it has to do now for the violation of the law on the organization of parties.

Police Disperse Tirana Rally

AU1710110395 Tirana GAZETA SHQIPTARE in Albanian 15 Oct 95 p 3

[Article by Arian Cani: "Socialist Party Rally in the Capital Dispersed"]

[FBIS Translated Excerpt] Tirana—A rally of the Socialists in the capital city was dispersed. About 200 people gathered yesterday afternoon in the square in front of the main building of the Combine, expecting to enter the hall of the cinema and to meet the leaders of the Socialist Party [PS]. Police forces deployed at the scene ordered the people to disperse and announced that the rally would not take place. "The PS did not obtain permission for a public meeting three days in advance," was the police version, broadcast yesterday by the official media. Musa Ulqini, PS chairman for Tirana, replied by saying that "there is no reason why we should obtain permission for our indoor meetings. Police permission is only required for gatherings in the streets and in open spaces." The PS will not protest the cancellation of the rally. Ulqini said that after what had happened, the PS would inform Commissariat Number Two and hold a meeting in the Combine next Saturday [21 Oct]. [passage omitted]

The meeting organized by the Socialists but dispersed by the forces of order was part of a campaign launched by the PS in the capital. The PS leaders recently decided to create what they have called constituency committees as part of their electoral campaign. The PS has defined 24 electoral areas, and will organize meetings with the electorate in each of them. Only a few days ago, PS Deputy Chairman Namik Dokle held a meeting with the residents of Tirana e Re. Besides presenting his party's alternative, Dokle strongly attacked President Berisha and said that one of the PS's objectives if it comes to power will be to change the date of Albania's liberation and redefine it as 29 November. Meanwhile, Sabit Brokaj, at a meeting held yesterday in the hall of the Academy of Arts, announced that the PS's alternative includes the establishment of the rule of law, something which the platforms of other Albanian parties have also long assured.

Commentary Examines PS Tactics

AU1710084695

[FBIS Editorial Report] Tirana TRIBUNA DEMOKRATIKE in Albanian on 10 October carries on page 3 a 1,500-word commentary by Arben Cejku on the violence possibly to be used by the Socialists in the coming elections, under the title "PS [Socialist Party] Wants to Be Outlawed."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In his commentary Cejku says: "The recent appeals of several Socialist leaders in various districts revealed the scenario of violence they are trying to apply. 'We will also resort to violence,' declared Moikom Zeqo at a meeting with the electorate in Gjirokastra. The same was declared in Korca, Durres, Berat, etc."

The commentary continues: "Violence and power appear to be one and the same for the Socialists. Those who resort to the language of violence are the ones who are excluded from politics by the antigenocide law. [PS Deputies] Moikom Zeqo, Gramoz Ruci, Leontiev Cuci, Maqo Lakrori, and others who have been excluded from participating in the political life of the country have started the electoral campaign."

After saying that these neorevolutionaries and those who support them are leading their party to destruction, the commentary goes on: "From the caves of Sigurimi, people who are thirsty for violence have rushed into the streets. Former Minister of Education Maqo Lakrori, who ordered schools to be closed down, stressed in Berat that 'if they resort to violence then we will meet their violence with violence.' To his support comes Democratic Alliance [AD] President Neritan Ceka." The commentary says that Ceka is supporting this scenario of the Socialists though "they have always ignored him when it comes to alliances."

Cejku questions: "From where will the violence come and against whom will it be addressed? Only the Socialists and AD members know," adding that they have sworn "to bury the Democratic Party [PD] and its leadership, which has its roots in December 1990, and this is more than evident now, on the eve of the electoral campaign."

Justifying Berisha for labeling the Socialists as "anti-Americans" and "anti-Westerners," the commentary notes that "it is not Berisha's fault that the West does not like them" and "it is not his fault that the Albanian Socialists are borrowing electoral programs from their Bulgarian brothers." To keep a handful of former ministers in power, the PS has launched "an unprecedented antidemocratic campaign," says the commentary. It goes on: "The present Socialist leadership, with Ruci at the head, is ready to put all Albania into the fire so that it does not leave politics. That is why it is warning of violence that the PD will allegedly use(!). This is a heavy accusation against this party and a serious warning of the danger threatening democracy." The commentary considers the Socialists' appeals—"Let the people come out in the streets and squares"; "Let all the people rise"; "Bury Berisha's power," and others of the like—as appeals preceding violence.

The commentary says that some time ago the Albanian legislature passed the law prohibiting the founding of communist and fascist parties and communist propaganda, enverism, fascism, xenophobia and violence, adding that "the PS is carrying out communist party activity under the moderated guise of 'socialist.' The party is unlawfully urging violence and tension in the Albanian electorate when the electoral campaign is almost a half year away."

If this unlawful activity continues, the Albanian electorate will not bear the growing psychological terror caused by these political charlatans and will seriously act against them.

In conclusion A. Cejku says: "The law passed by the Albanian legislation to prohibit propaganda that urges violence includes the activities of an individual of a party, be as it may the Socialist Party." Preliminary surveys show that the PS is resorting to violence to put Berisha into the trap of the elections. As it appears, "they do not want elections to take place in due time, but want them postponed until the PS recovers from its losses."

ShIK Accused of Disrupting AD Activities

AU1710083695 Tirana KOHA JONE in Albanian 11 Oct 95 p 3

[Article by A. Vata: "ShIK Against Democratic Alliance"]

[FBIS Translated Text] Yesterday the ShIK [National Intelligence Service] denied that one of its agents attempted to disrupt the Democratic Alliance [AD] meeting, and requested the help of the legal segments to restore its humiliated "honor."

This is a counterattack to a statement made by the AD which denounces as anticonstitutional the penetration by an ShIK agent into one of [AD President Neritan] Ceka's meetings in the capital.

In its statement the ShIK points out that "the ShIK had none of its agents at the meeting Ceka organized in Tirana on 8 October. The statement made by this party is a lie to incriminate our institution concerning the activities of the political parties." But President Ceka does not think the same. He said to KOHA JONE that "we possess a photograph of the ShIK agent and film of his exposure by a female citizen and his being driven from the hall." He also brought up examples of anticonstitutional ShIK activity against his party and independent institutions in Albania. "From the very beginning the telephones and activity of the AD have been systematically put under surveillance by the ShIK. It is not the first time that Gazidede [ShIK

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

chairman] and the institution he runs have been accused of such activities, even in the legislature." Not wanting to confound the activities of honest people through these anticonstitutional activities by the ShIK and the police, Ceka advises them to stay away from Gazidede's activity. "It is common knowledge that Gazidede has linked his life with Berisha's. I advise him not to do anything wrong to honest people. They must know that no one will come to their side when they are tried in court. The future belongs to democracy, and democracy is law."

The AD presdident replied to the ShIK accusations that "the opposition is instructed by the Sigurimi" with: "For a long time now the ShIK has incriminated itself with the files. It is using them to intimidate especially the PD [Democratic Party] deputies, who voted for the antigenocide law before first cleansing themselves. Gazidede must understand that he is not the owner of the files, and he must await legal approval of their publication."

The threatening language used by Gazidede and his institution against the AD appears not to intimidate Ceka. "We are ready to confront Gazidede and his chiefs whenever they like and with whatever language they like. Our answer to these poor people will be most civilized. We challenge Gazidede to come onto the battlefield whenever he chooses."

PSD Protests Police Breakup of Meetings

AU1710085495 Tirana GAZETA SHQIPTARE in Albanian 14 Oct 95 p 3

[Article by P.Re.: "They Obstructed Our Meetings in Vlore"]

[FBIS Translated Text] Vlore—The meeting of Social Democratic Party [PSD] leader Skender Gjinushi with the residents of the village of Delisuf in Vlore District led to an "incident." "Some police did not allow us to complete the meeting," said PSD spokesman Plator Nesturi, saying that "there were clashes between our people in the hall and some police," who, he said, "intervened in order to disrupt the PSD chairman's meeting with the people of this village." Nesturi claimed that the police had said that "the meeting was illegal because permission had not been obtained in advance." The party spokesman went on to claim that "the meeting was interrupted halfway through and the people were dispersed."

Meanwhile, the PSD leader went on to the village of Poroje in Vlore District to hold another meeting with the locals. However, the party spokesman said, this meeting was not held either, being prevented by police deployed ahead of it. Nesturi said that Gjinushi had protested and had sought an explanation for this action, but that the police had replied that "permission must be granted to hold political meetings." The spokesman also claimed that PSD Chairman Skender Gjinushi had averted a possible clash between the forces of order and the population of the village and had set off toward the city of Vlore to contact the Police Commissariat.

Nevertheless, the PSD meeting with the villagers of Poroje was held later. Nesturi said that only a short time after Gjinushi had left for Vlore and the police had also left, Paskal Milo, who had arrived in the village, conducted the meeting. There is in any event still no official confirmation of what happened in the villages of Delisuf and Poroje.

Greek Police 'Discriminate Against' Albanians

AU1710085295 Zurich BOTA SOT in Albanian 13 Oct 95 p 5

[Article by G.T.: "Only Albanians Are Being Checked Up On"]

[FBIS Translated Text] While Albanian and Greek politicians meet and hold talks, make loud statements to the press, and promise other fruitful meetings, the Greeks are in practice acting to stop Albanians from entering Greek territory in an effort to oppose this "appeasing" trend. Another element has been introduced in the wake of the attacks organized against Albanians on Greek territory: permanent and very detailed inspections for Albanians, violence, and deportations. From the testimonies of Albanian emigrants who have tried to enter Greece to work or for visits, we have learned that the police are checking buses, taxis, and trains and are making detailed inspections only of Albanian nationals. Resulting from these inspections are the tearing up of identity papers, robbery, and violence. Although Greek official circles are attempting to "play down" these humiliations, certain media, such as the newspapers STOHOS and ELEFTERIATIPOS, are bringing out into the open the harsh realities, which is not warming but freezing political relations between the neighbors. These inspections, already officially legal, start at the points of entry on the Albanian-Greek border in Kakavije, as well as inside Greek territory. The police, certainly acting upon orders, do not carry out these inspections in the same way with people coming from Bulgaria, Romania, Turkey, Russia, or any other country. Only Albanians are subject to these military interrogations under the pretext of preserving calm and social purity within their own country, while in fact the aim is to discriminate against and persecute Albanians and thus cause great bad feeling between the two states.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Dynamic Growth of Private Sector Examined

AU1010110995 Tirana RILINDJA in Albanian 8 Oct 95 p 2

[Article by Fatos Cocoli: "Accelerating Dynamism of the Private Sector"]

[FBIS Translated Text] Industrial production in the state sector was lower in 1994 than in 1993. This was understandable and expected for a number of reasons. First, state enterprises began to show themselves unable, with rare exceptions, to cope with the market and to adapt their products to meet its demands. This meant their production was not sold, as happened to fabric from the Tirana Textile Combine, calico from Berat and Tirana, Partizani cooking and heating stoves, and so on. Few enterprises survived as did the Dinamo works in the capital, which changed its production from spare parts for mines to frames for kiosks and ultimately wrought iron for railings and household decorations ordered by a powerful Austrian firm. The achievement of the Nish-Kimikja chemical plant in Tirana was even more brilliant; it was entirely privatized in cooperation with a German partner. It now produces Bora washing powder which is in demand on the Albanian market. The former directors of this firm have become joint proprietors because they were enterprising people who were able to attract a serious foreign partner.

However, this has unfortunately not happened to the majority of Albanian state enterprises. Indeed, there was no way that the old nags of the communist economy could be turned overnight into the thoroughbreds of the market economy.

The country's industry has recorded increased production since 1993 in only eight out of 27 of its basic products such as fuel oil, natural gas, lubrication oil, nails, cement, light bulbs, phosphate fertilizers, coke, fabric, soap, etc., and in only five items in the first six months of this year. The production of enriched chrome has risen by 42 percent, and the production of electricity, sheet steel, phosphate fertilizers, and ammonia nitrate has also increased. In the state sector, there were serious shortfalls in 1994 in the production of coal, copper ore extraction, and the production of copper concentrate.

As industrial enterprises have been privatized at a faster rate and new seedlings have taken root in the private sector, especially in light industry and with the first dairies and units producing sausages, soft drinks, and construction materials, growth rates in the private sector have soared. There is still a lack of organized, accurate, and objective information about this new sector in the Albanian economy. Efforts are being made to provide by the end of 1995 a fuller picture of the new private industrial capacity. In 1993, this sector accounted for between three and five percent of Albanian industry, but private industrial production concentrated in small workshops and factories reached 15-18 percent of general industrial production in the first six months of this year. No other country has recorded such a growth within an 18-month period.

The state transportation sector also significantly declined between 1993 and 1995; its volume carried in 1994 was 22 percent down on 1993. Road transportation accounted for 93.5 percent of this decline, while the volume and mileage of private passenger and freight transportation increased by 33 percent. The total number of motor vehicles, including trucks and vans as well as automobiles, increased to 120,000.

Air transportation also increased significantly, with 21 percent more passengers and twice as much freight as in 1993. Eleven airlines were active, and these had become 14 by September 1995.

The private sector grew almost geometrically between 1993 and 1995. At the end of 1994, there were 45,751 active private enterprises in Albania (not merely on paper). These enterprises constitute the most formidable potential for the country's progress, and the true yeast that will leaven the bread of Albanian prosperity in the years to come. Of these enterprises, 85 percent are represented by physical individuals and 15 percent by legal entities. Of those classed as legal entities, 71 percent are entirely Albanian enterprises, 18 percent are joint enterprises, and 11 percent are foreign enterprises.

About 20 percent of private enterprises are concentrated in the city of Tirana, and 36 percent have been established in the cities of Durres, Elbasan, Fier, Korce, Shkoder, and Vlore. About 86 percent of private firms are in the service, retail, and transportation sectors, employing 117,000 people.

In the first half of 1995, the private economy grew to such an extent that its fiscal contribution in taxes and customs duties exceeded that of the state industries that are heir to an economy created over 50 years. Thus the private firms created by free initiative in the last three to four years have made a greater contribution to our state and its government than the state productive sector. This indicator suggests the radical character of the change in the appearance of the economy and of Albanian life itself. Every bureaucrat and state employee must realize that the contributions of the country's private sector pay more than one half of his salary.

The investments carried out between 1993 and 1995 have radically changed Albanian reality. In 1994 alone, about 10 billion leks' worth of investment was made,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

representing 170 percent of the 1993 total. The sources of investment were state finance, foreign credit, and donations from more than 29 countries in Europe and overseas. Construction took the lion's share of investment, at 216 percent of its 1993 volume, with agriculture at 206 percent, education at 218 percent, and culture at 157 percent. Machinery accounted for a greater proportion of investment, accounting for 15.4 percent of total investment funds in 1993, and 28.9 percent at the end of 1994; it is expected to reach 36.5 percent in 1995. A total of 4.700,000 leks was spent in the construction and assembly sector in 1994.

In 1995, special attention was devoted to small businesses as the main basis for the country's development. Ten million German marks from the German state bank KfE [probably KfE-Kreditanstalt fuer Wiederaufbau], and $30 million from the U.S. Enterprise Fund are destined for this sector, and a contribution of $20 million has now been reported from the Australian Government.

Now that the country's private foreign debt has been settled, foreign banks are interested and will increasingly draw closer to Albania. Besides the German bank mentioned above, powerful banks such as Chase Manhattan in the United States and the Union Bank of Switzerland have completed their first negotiations for new sources of credit.

In conclusion, it can be said that the private sector of the Albanian economy is undergoing a very radical development, with productive investments and improvements to the infrastructure. These changes are accompanied by satisfactory macroeconomic indicators, such as low inflation and a reduction in the state budget deficit.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Greek Minister Comments on Agreement With Skopje

AU1610162495 Sofia STANDART NEWS in Bulgarian 11 Oct 95 p 15

[Interview with Tilemakhos Khitiris, Greek minister of press and the mass media, by Maksim Bekhar; place and date not given: "The Thaw in Relations Between Athens and Skopje Is for the Sake of Everyone in the Balkans"]

[FBIS Translated Excerpt] [Bekhar] It appears that Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is a strange country. Greece does not recognize its name, while Bulgaria does not recognize its language....

[Khitiris] Every country is entitled to hold its own views, both historically and politically. However, every day Greece is doing everything possible to ensure that FYROM should not remain a strange country, but become simply a neighboring state.

[Bekhar] Greece and Macedonia have achieved a thaw in their relations. Are you pleased with what you have achieved?

[Khitiris] Naturally. We are pleased and will remain pleased with improvements in relations with any country.

[Bekhar] What are the prospects for the future?

[Khitiris] We do not regard the agreement with FYROM merely as a bilateral treaty. In our view, it will promote stability in the entire region. As you know, the agreement was signed in New York, and it actually only established the general framework for our relations. We will now start looking into the details. There has been one meeting in Athens, and a second one is planned in Skopje. I am sure that all the outstanding questions will be cleared up by 15 October.

[Bekhar] Do you think that the Greek Government will agree for your neighbor to be called the state of Macedonia?

[Khitiris] I am not yet in a position to say anything on this question. However, you can be sure that it is one of the fundamental issues, and it will not be passed over in the future negotiations.

[Bekhar] Do you consider that the absence from the political scene of a figure like Kiro Gligorov may complicate or delay the warming of your relations with Macedonia?

[Khitiris] I do not think so. This is not merely a bilateral event between Athens and Skopje. The agreement is an event of international importance, and the assassination attempt in Skopje cannot seriously affect it. [passage omitted]

[Bekhar] Do you now expect a boom in your business with Macedonia?

[Khitiris] I certainly do.

[Bekhar] At Bulgaria's expense?

[Khitiris] Not at all. Why will it be at Bulgaria's expense? Will Bulgaria have nothing to gain from peace in the Balkans? Everyone will benefit from the development of business between Bulgaria and Macedonia. We told your prime minister Mr. Videnov this when he visited Athens recently. It seems to me that at the moment Greece is playing a unique role, as it is the only country in the region that is a member of both the EU and NATO. We would like to do everything to facilitate the relations of all the Balkan countries with these two important institutions. There is also a further point. Bulgaria was in a more favorable position when the sanctions existed against Macedonia. However, the sanctions cannot last for ever. In the final event, they exist only for the purpose of being lifted one day. [passage omitted]

Responsibility for Kozloduy Plant Considered

AU1610162095 Sofia ZEMEDELSKO ZNAME in Bulgarian 12 Oct 95 p 1

[Article by Evgeniya Tsvetkova: "Who Assumes Responsibility for Kozloduy Nuclear Power Plant?"]

[FBIS Translated Excerpt] The government, personified by Deputy Prime Minister Kiril Tsochev, repeatedly used the media to explain that the first reactor of the Kozloduy nuclear power plant, does not represent any dangers, and that things at the plant have normalized. Afterward we learned that at President Zhelev's meeting with the Consultative Council on National Security there was a dispute about restarting the first reactor. On Bulgarian radio yesterday President Zhelev denied any such dipute. Zhan Videnov is relentless. Academician Sendov [National Assembly chairman], also made a statement according to which the Consultative Council has unanimously approved the restarting of the first reactor. Nevertheless, the G-7 note and the safety of the Kozloduy nuclear power plant continue to concern the public not only in Bulgaria but also abroad. Naturally, Tsochev's meeting with the diplomats contributed to the general interest in the issue. The question marks remain, although Mrs. Merkel, the former German ambassador, said that she "has not threatened a boycott," and that she will attend the Sofia ecoconference despite the fact that the reactor has been restarted. The press in West

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Europe continues to write about our nuclear power plant. [passage omitted]

Our public is still not clear about who assumes full responsibility for the delicate issue of the government's decisions and actions regarding the operation of the Kozloduy nuclear power plant. It is not clear whether it is Prime Minister Zhan Videnov, his deputy, Kiril Tsochev, their ruling party, or some other comrade who is responsible for this issue which affects the life and peace of the people in Bulgaria and the neighboring states. The public has bitter memories of the Chernobyl reactor and the "care for the people" afterward, and therefore has every reason to be concerned and to have doubts.

Yesterday, in its evening newscast our radio carried a report from Bonn, according to which the German Government will insist on the first reactor being stopped; it has already been restarted for tests. The German Government assesses the nuclear plant's condition as a "nuclear risk factor." They consider the Bulgarian Government's move as "irresponsible and dangerous."

Commentary Opposes French Offer of Electricity

AU1710082895 Sofia KONTINENT in Bulgarian 12 Oct 95 p 6

[Commentary by Krasimir Tsigularov: "Mousetrap"]

[FBIS Translated Text] The French industry minister proposed yesterday that the EU should supply Bulgaria with free electricity in exchange for the closure of the Kozloduy nuclear power station. Thus he again reminded us of Margaret Thatcher's famous remark that cheese only comes free in a mousetrap.

This sentence applies even more to Bulgaria, because Kozloduy has three additional reactors similar to the first and two 1,000-megawatt reactors, which could also be branded as unsafe at a certain moment. However, this is the emotional aspect of things. It is much more serious to assume that the attack on the Russian reactors is prompted by something completely other than concern for their safety.

France is furiously defending the need to conduct new nuclear tests at every possible level and international forum. Yesterday a report was leaked on France's plans to develop a long-range nuclear missile. French and German companies are seriously interested in participating in power projects in the new democracies and elsewhere, and in discrediting a competitor such as Russia, which would serve their direct economic interests. The proposal that the European ambassadors mentioned in passing yesterday at the Boyana meeting, namely, that Bulgaria could obtain electricity from Romania, directly focuses attention on the problems of financing the Romanian nuclear power station, its delayed construction, and the need to find markets for its energy.

Against this background, succumbing to bare promises would be nothing other than stupidly entering the mousetrap.

Commentary Views Problems of Mass Privatization

AU1110183195 Sofia DUMA in Bulgarian 7 Oct 95 p 7

[Commentary by Evgeni Gavrilov: "Lack of Interest May Threaten Mass Privatization"]

[FBIS Translated Text] At a special meeting on Monday 9 October, the government will discuss the problems of privatization in Bulgaria—both the cash privatization and the mass form. Last week, this issue did not figure on the ministers' agenda, so the publicly announced deadlines were missed, somehow or the other, if only by a little. However, a week is hardly so important in this case, especially as it concerns the solving of the most important problem on which the future course of the reforms depends.

For example, the cabinet has to determine what the program should contain and which companies should be included on the mass privatization list. According to some ministers, the goal is to impart stability to the mass denationalization and ensure that the privatization really contributes to the creation of as many real owners as possible.

There is also the problem of who will manage the privatization—the Privatization Agency or the economic ministries. Here, a compromise may be reached, by increasing the value of the companies for which the agency will be responsible. There is a possibility that the ceiling for the book value of the companies will rise to 150 billion leva.

Another controversial point is how to protect the rights of the workers in the companies offered for mass privatization.

The main objection to the idea that they should purchase a 20-percent share in each company that is due to them with their own vouchers is that this will leave about 800,000 people without any privileges. Another possibility that some National Assembly deputies' support is for certain categories of employees to be granted more rights of participation in the mass privatization, mainly those employed in small companies and in agriculture.

However, this runs into conflict with the idea of not permitting any juridical persons apart from the privatization funds to take part in the mass privatization.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

These are all serious problems; it is more important in the solving of which to make the right decision than to keep to any formal deadlines. However, a further danger arises here. The information blackout and the secrecy that surrounds the famous list of enterprises to be offered for mass privatization, for example, has been taken too far. This may gradually destroy the public's interest, which will be fatal.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bosnian President 'Cautious Optimist' About Peace

AU1710142895 Prague LIDOVE NOVINY in Czech 14 Oct 95 p 1

[Interview with Bosnian President Alija Izetbegovic by Petr Smejkal in Prague on 13 October: "The Refugees Will Not Return Right Away"]

[FBIS Translated Text] Bosnian President Alija Izetbegovic arrived in Prague on a two-day visit yesterday to mark the finale of the Month of Bosnia-Herzegovina. After giving a lecture in Prague's Rudolfinum, he replied to a few questions from LIDOVE NOVINY.

[Smejkal] The war in Bosnia has caused many casualties. Do you think the continued existence of a united Bosnian state will be at all possible in the future?

[Izetbegovic] I think so, yes. Despite the suffering caused by the war, I believe that the future Bosnia will be a single multiethnic state founded on the civic principle, and, despite all of the weak aspects of democracy, I believe that the members of all of Bosnia's ethnic communities will live together in the future Bosnia-Herzegovina.

[Smejkal] The main prerequisite for a final peace settlement is the return of refugees to the territories from which they were expelled. How will the right of return of all refugees, including the Bosnian Serbs, be realized?

[Izetbegovic] We are under no illusion that all of the refugees would begin returning during the first phase of the peace process. First of all, guarantees will have to be sought for their return. We will ask the international community to employ the economic means that would make possible the refugees' return. This involves, first and foremost, a program of economic assistance in rebuilding a country destroyed by war. This program would be conditional upon the observation of human rights, including the right of return, on all sides.

[Smejkal] The current cease-fire, which is still under threat from the continuing clashes, should lead to the end of the several-years-long war. What kind of chance does the latest peace process have?

[Izetbegovic] I am a cautious optimist in this matter. The cease-fire in Bosnia-Herzegovina is promising and perhaps, in the end, will lead to a definitive laying down of arms. Individual armed clashes are continuing, but this is to be anticipated after such a long war.

[Smejkal] In your opinion, what are the main obstacles to peace?

[Izetbegovic] We are now at the very beginning of this process. Territorial division, which has not yet been resolved, is still one of the main problems. For example, we are asking for the return of Brcko (a Serbian corridor linking territory controlled by the Serbs to the west and east of Bosnia) and access to Gorazde, but the Serb side disagrees with this.

Holan: Deployment of Nuclear Weapons Unlikely

AU1610213395 Prague PRAVO in Czech 9 Oct 95 p 2

[Article by "(nig)": "Holan: The Transfer of Nuclear Weapons to the Czech Republic Is Unlikely"]

[FBIS Translated Text] Prague—Defense Minister Vilem Holan (Christian Democratic Union-Czechoslovak People's Party) thinks that the transfer of nuclear weapons to our territory is very unlikely. He made this statement on 8 October on Czech Television's "Debate" program. He said that, so far, the practical issues that would be associated with this have never been discussed.

According to him, it is necessary to bear in mind that a nuclear weapon is a strategic deterrent. "If we want 100-percent cover in such situations, we have no choice but 100-percent responsibility," said the minister. According to his new deputy, Petr Necas, (Civic Democratic Party), "we should get rid of the pejorative tinge: the nuclear weapon as something bad. In the past 40-50 years, nuclear weapons have unequivocally protected Western civilization from communism." Our integration into the Western world, he said, will never be complete if it is not followed through—that is, including entering into military-political groupings such as NATO.

According to the chairman of parliament's Defense and Security Committee, Vladimir Suman (Civic Democratic Alliance), talk about the deployment of nuclear weapons is just a bogeyman designed to make our admission into NATO more difficult.

According to Party of the Democratic Left Chairman Josef Mecl, the defense and security situation in Europe is the best it has been in 40 years—there is no foreign aggressor. NATO, he said, has had no enemy since the collapse of communism and will go into the future not along a path of looking for a new one, but along a path of becoming a unifying organization in Europe and throughout the world.

Klaus Rejects Poland as Speaker for EU Members

AU1710110595 Prague LIDOVE NOVINY in Czech 9 Oct 95 p 1

[Article by Tomas Zahradnicek: "Poland Cannot Speak on Behalf of the Others"]

[FBIS Translated Text] On 7 October, Czech Prime Minister Vaclav Klaus met Polish Prime Minister Jozef

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Oleksy, with whom he discussed in detail "the endeavor to obtain a certain say" within the European Union. "Although, formally, we maintain a more reserved point of view, while Poland says certain things out loud, our stances do not differ factually," said Klaus.

According to Vaclav Klaus, however, it is impossible for Poland to speak at the EU summit on behalf of the associated members, as Oleksy has discussed with Italian Prime Minister Lamberto Dini. The Italian prime minister, whose country will preside over the Union as of next year, has proposed, according to Saturday's RZECZPOSPOLITA, that Poland, after consulting the other EU associated states, presents the view of the candidates for membership on the planned reform of the Union's institutions at the EU's winter summit in Madrid. "I see no chance of the associated countries getting together and writing a joint text that someone would then present," said Vaclav Klaus to LIDOVE NOVINY.

Poland had already asked at the last EU summit in Cannes that the views of the associated members be taken into consideration in reforming the EU. The states that have committed themselves in the association agreement to strive for full membership in the Union should, according to Warsaw, have the right to take part in the discussions, especially when the reform of the EU's institutions is motivated by its future expansion.

Klaus met Oleksy at the end of the two-day Central European Initiative (CEI) summit, which decided on its expansion by five new members. Albania, Belarus, Bulgaria, Romania, and Ukraine will join the Initiative. "The borders of Central Europe are being pushed toward our border with Russia," said Ukrainian Foreign Minister Hennadiy Udovenko to LIDOVE NOVINY. "It is in the interest of everyone that this border is permeable and peaceful." The CEI's future was also discussed at the meeting. Klaus and Oleksy promoted the view that the Initiative should remain a forum for discussion and that it should not launch into any activities merely to justify its existence.

New Interior Ministry Inspection Head Introduced

AU1410162695 Prague DENNI TELEGRAF in Czech 4 Oct 95 p 2

[Unattributed report: "The New Director of Inspection Is a Physical Education Teacher"]

[FBIS Translated Text] Prague—Captain Jiri Jauce, whom Interior Minister Jan Ruml entrusted with the management of his inspection department, is 34 years old and a physical education teacher by profession. He joined the Interior Ministry in September 1991 and became the head of the analytic-evidence section of the inspection department in May 1993. The first head of the Interior Ministry Inspection was Boris Stefl. He was succeeded by Mikulas Tomin, who, in turn, was replaced by Josef Kolaja. After Kolaja's dismissal, Vladimir Nechanicky was placed at the head of the department. On 2 October, Ruml suspended the last mentioned together with five other inspection employees.

Comment: Interior Minister's Role in Police Reform

AU1310203095 Prague LIDOVE NOVINY in Czech 4 Oct 95 p 2

[Commentary by Bohumil Pecinka: "The Uneasy Position of Jan Ruml"]

[FBIS Translated Text] After a year of relative peace, the Interior Ministry department is again at the center of attention. Moreover, it is justified. The leak of information from a classified file on the police raid of the U Holubu restaurant is truly scandalous. Was it an accident or the logical culmination of the situation at the ministry?

It is impossible to discuss the Interior Ministry and leave out the political path that Minister Ruml traveled in his efforts to humanize the former ministry of fear. The radical anticommunist Ruml first drew attention to himself in the post of deputy to Federal Interior Minister Jan Langos. Ruml soon became the scourge of the old structures and one of the initiators of the "parliamentary revolution," which led in 1991 to the right-wing majority in both legislative bodies. The preelection entry into the Civic Democratic Party was in this respect the logical terminal on his political route. The first change in Ruml's political style comes with the acceptance of the post of Czech interior minister. A man of provocative statements, who polarizes society, he had to change into an integrating politician, for which he paid by a partial loss of his political characteristic.

While Langos with Ruml made hundreds of personnel changes at the Federal Interior Ministry, those dismissed headed directly for the Czech Interior Ministry, then led by the one-phrase man, Tomas Sokol. It was no accident that Deputy Minister Fendrych described the atmosphere at the new ministry in summer 1992 as being like that of November 1989. Ruml soon became enemy Number One of the gargantuan organism, and scandals did not take long to come—a plotted brutal strike at the Velka Pardubicka, a false accusation of rum smuggling, and a slanderous letter from the Civic Movement to the police directors. At present, he is receiving dozens of complaints from the police top brass, who are indirectly blackmailing him, referring

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to the collapse of the police. Ruml is coming under dual pressure. On the one hand, there are the scandalous operations of his disloyal subordinates and, on the other, the Civic Democratic Party demand to calm down the situation in the department. So he accepts a compromise.

He no longer depends on the post-November policemen, who may have clean hands but no experience with the power bases at the ministry and the police. The period is starting a quiet cooperation with experts with 20 years of experience. One by one, the new policemen are slowly leaving his field of force. The stage of a cold peace was definitively confirmed a year ago, when Ruml dismissed Police President Stanislav Novotny. Moreover, Ruml confirmed the nonaggression pact with his subordinates and the parliamentary opposition by the statement that he intended to leave politics. The Interior Ministry and police colossus of 50,000 was appeased and began leading its unexciting life, without any scandals. Instead, there are occasional operations for the cameras of Nova Television and huge quantities of statistical data on the decline of crime. Last year, an independent observer would have evaluated it as a problem-free department.

Nevertheless, problems exist here, both personal and structural. The strategic wager on the pre-November [1989] policemen led to a state in which the new policemen—with a few exceptions—were banished. Similarly, Ruml did not manage to push the bill on civilian control of the police through government (although it was included in the Civic Democratic Party's program). On the other hand, owing to the institution of independence of legal action, the Interior Ministry and police establishment acquired an unshakable position. When this is combined with a disregard for the law on legal procedures and considerable corruption, the result is the settling of accounts in the form of the deliberate prosecution of inconvenient people. Another result is the horrifying situation in some investigation offices—in Prague, for instance—where more than a third of the staff are former State Security agents.

The excessive centralization of police powers in the hands of Interior Ministry officials is yet another problem. The law defines the police as an independent legal person, but its legal sovereignty does not show up in practice in the economic sphere. In brief, the police are not a budget-funded organization, and any purchase that could be even vaguely described as major is decided by ministerial officials, mostly from the logistics section, who do not sufficiently know the real needs of the police. The concentration of hundreds of millions of korunas in the hands of a small group of people who choose the contractors for public orders necessarily leads taxpayers to skepticism regarding such actions as the recently announced so-called police recondition.

The position of Jan Ruml is certainly not easy. To move the 50,000-strong colossus that is guided by its own logic and laws apparently is beyond the strength of most present-day politicians. To improve the work of the police, in particular, and the bodies active in criminal prosecution, including the courts, in general, is a supradepartmental task. It is a great task for Czech democracy.

Chamber Expected To Override Screening Law Veto

AU1610175895 Prague MLADA FRONTA DNES in Czech 9 Oct 95 p 2

[CTK, CTA report: "The Chamber Apparently Will Override Havel's Veto"]

[FBIS Translated Excerpt] Prague—Although the political parties generally accept the reasons that led President Havel not to sign the Screening Law amendment, they also agree that the Chamber deputies will most likely override Havel's veto.

The deputies of all four coalition parties will be voting in favor of the amendment that is to extend the effect of the Screening Law until 2000. "It is the will of the Civic Democratic Party members, as well as that of the general public. The process of coming to terms with the past has not been concluded," Libor Novak, acting deputy chairman of the Civic Democratic Party, said.

Emil Zeman Elected Green Party Chairman

AU1610181295 Prague LIDOVE NOVINY in Czech 9 Oct 95 p 3

[CTK report: "A New Chairman for the Green Party"]

[FBIS Translated Text] Prague—A businessman from Karlovy Vary, Emil Zeman, became the new chairman of the Green Party [SZ] on 7 October. Outgoing Chairman Jaroslav Vlcek said that he had been elected by 18 out of the 28 members of the party's Executive Committee. The new chairman said that his objective is to turn the SZ into a political party "with all its pros and cons" and not to allow it to be compared with ecological movements. Ecology alone, apparently, can no longer be its fundamental program.

Jiri Dienstbier To Lead Two Parties in Election

LD1510135495 Prague Radiozurnal Radio Network in Czech 1100 GMT 15 Oct 95

[FBIS Translated Text] Jiri Dienstbier [Czechoslovak foreign minister 1989-92 and chairman of the Free

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Democrats] will become a joint election leader of the Free Democrats and the Liberal National Social Party in the forthcoming parliamentary elections. This decision was made at a session of the extended presidium of the two parties held in Javornik in the Benesov region.

CSSD's Zeman Rules Out Coalition With ODS

AU1510170795 Prague PRAVO in Czech 6 Oct 95 pp 1, 4

[Interview with Czech CSSD Chairman Milos Zeman by Pavel Dostal; place and date not given: "I Hope the ODS Is Not the State"]

[FBIS Translated Text] [Dostal] According to the REUTER agency, you are supposed to have said that it could be possible to talk about a grand coalition in the Czech Republic if Josef Zieleniec and not Vaclav Klaus led the Civic Democratic Party [ODS].

[Zeman] I have already denied this report. I have been opposed to a postelection Czech Social Democratic Party-ODS [CSSD-ODS] coalition from the very beginning and have never changed my mind. I would consider such a coalition to be a sham, even a betrayal of CSSD voters—regardless of whether Vaclav Klaus, Josef Zieleniec, Miroslav Macek, or Petr Cermak were the ODS leader.

[Dostal] Of course, the REUTER agency said something completely different.

[Zeman] I myself was very surprised that its correspondent took my comment on it being easier to communicate with Zieleniec than with Klaus as a suggestion that, if there were a change in the ODS leadership, a grand coalition could be formed. But, I was even more surprised when, after my denial, this absolutely absurd idea about a grand coalition was expounded by the commentators Jiri Leschtina in MLADA FRONTA DNES and Martin Manak in LIDOVE NOVINY. I do not, of course, regard this as a manifestation of journalistic ethics.

[Dostal] On the other hand, it is alleged that "never" is never said in politics.

[Zeman] I proceed from the premise that the CSSD has its own program, which was approved at its Bohumin congress, and that it can only enter into a coalition with a political party whose program is similar, although not identical. Our program is a standard West European social democratic program, and, for this reason, we can never go into a coalition with the ODS, which prefers a Thatcherite free market economy.

[Dostal] Hypothetically, the results of the parliamentary elections may, however, raise the issue of a grand coalition after all.

[Zeman] Your hypothesis proceeds from the assumption that the extremist political parties, whether left-wing or right-wing, will obtain such a number of mandates that the parties that acknowledge democratic principles will have no choice but to join together. I consider this option to be quite improbable because I am convinced that the voters are sensible and lend no ear to extremes and will vote, in their majority, either for the CSSD or the ODS.

[Dostal] On the one hand, you talk about good communication with Zieleniec, but, on the other, this very man has declared that the CSSD is a danger to this state.

[Zeman] In the heat of an election campaign, politicians often make very forceful statements. As far as Zieleniec's comments about our being a danger to this state are concerned, this would be true if economic mafias were to rule this state. I am often criticized for saying that, under the communists, we were governed by idiots and that we are now faced with the danger that, as a consequence of the intensifying supremacy of the economic mafias, we could be governed by scoundrels. In my opinion, this would be a real danger for this state. Of course, it does not follow from this that I would refuse to communicate with a politician from a rival political party. I think it is absurd, however, if the chairman of the ODS, to which scores of former communist and youth union careerists have flocked, now describes the CSSD as a postcommunist party. Zieleniec's statement that the CSSD is a danger for this state is equally absurd. Josef Zieleniec admitted in a recent television debate with me that economic transformation as he understands it would be impossible without laundering dirty money. Obviously, it is clear from this that I am a danger to the ODS concept for economic transformation because I think the very opposite about dirty money. But, to deduce from this that the CSSD is dangerous for the state would simply mean that the ODS is the state. I hope that is not—and never will be—true. Clearly, the minister was not serious about this, for one party claimed once that it was the state. And we know what happened to it.

[Dostal] Before November [1989], however, personal relations between you and Zieleniec were friendly.

[Zeman] We only met at various economic seminars and, of course, even though we had different views on a whole series of issues at that time, this did not prevent correct contacts between us, which continue to this day without, it is true, our agreeing secretly on some sort of grand coalition. I really do not understand those politicians who assume that their different views necessarily

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

have to have personal enmity as a consequence. I think such politicians are mean-spirited.

[Dostal] To what do you ascribe the decline in support for the CSSD?

[Zeman] It would be very convenient to argue that our 2-percent decline in support was caused by the altered structure of respondents in August and September. I think it is far more honest to look for reasons that we ourselves can influence. These reasons are our own mistakes. For example, the Podsedice slap [CSSD Deputy Wagner hit CSSD Deputy Chairman Gruhlich] was such a basic mistake. On the other hand, we are often, as happens in an election campaign, exposed to numerous disinformation campaigns such as, for example, the campaign with the Mining Employees Health Insurance Company [HZZP]. Minister Rubas tried to politicize the whole issue, although both the Supreme Inspection Office report and the reports by his ministry and the Finance Ministry did not furnish proof of any illegal financial connections between the HZZP and the CSSD. Nevertheless, it seems to me that Minister Rubas has so many problems of his own at the moment that this fabrication is merely a minor sin.

[Dostal] Is the decline in support not caused more by the considerations about a possible CSSD coalition with the Civic Democratic Alliance [ODA] and the Christian Democratic Union-Czechoslovak People's Party [KDU-CSL]? After all, ODA is associated with privatization, which you are criticizing, and the KDU-CSL with the restitution of church property. That is, your potential voters think that, in this coalition, you would be unable to fulfill your preelection resolutions, for example, on controlling privatization and ending restitution.

[Zeman] First, I proceed from the premise that it is nice being in the opposition, beating one's breast and criticizing the government. Nevertheless, every political party wants, first and foremost, to implement its own program. And it can only do so if it is part of the government. I despise those politicians who enter into government for the sake of ministerial seats. The only rational reason for entering into government is to fulfill the electoral program of a political party. From this point of view, I would never go into a coalition with ODA if it were a condition that the possible privatization affairs in which senior ODA representatives could be implicated were to be hushed up. Similarly, we would not go into a coalition with the KDU-CSL if it were conditional upon the restitution of church land. At the same time, however, I do think there are points of contact between the aforementioned parties and the CSSD. It was not only the CSSD, but also ODA that submitted—albeit a milder—draft law on the conflict of interests. ODA, like us, is interested in resolving the state's territorial-administrative arrangement. The KDU-CSL, in harmony with our views, talks about a social market economy. And it is impossible to rule out the fact that, if we were to expand the expenditure from the state budget intended to cover the costs of maintaining all of our cultural monuments, including buildings under church ownership, and were to allow for the Italian system of tax deductions, the issue of the status of the church and its property would obviously be less controversial than it is today. I also think it is quite valid if buildings that are used to fulfill a religious undertaking belong to the church.

[Dostal] Despite this, it was said at the KDU-CSL congress that Klaus is a lesser evil than Zeman.

[Zeman] I think that is an unhealthy personalizing of politics and that the KDU-CSL, as a sovereign political party, has to decide itself whether it gives priority to cooperation with the traditional social democratic alternative or, on the contrary, with the traditional conservative alternative.

[Dostal] It has seemed recently that the views on a referendum on the Czech Republic's admission into NATO have divided the social democrats.

[Zeman] I think it is quite natural if, in a democratic party, there are discussions on individual political issues. The fact is, in the program adopted in Bohumin, we advocated applying the idea of a referendum to all important issues, to which the issue of admission into NATO undoubtedly belongs. The social democrats who support the view that a proposal for a referendum should be contained in our definitive election program will have the opportunity to assert it in a democratic debate at our conference on policy next January, where the final decision on this issue will be made. I want to emphasize, however, that the issue of a referendum is not an issue of our negative stance toward NATO. On the contrary, we have to have the courage to explain to citizens in a possible referendum that it is in our sovereign interest to join NATO because this is a defense system that could protect us from the possible threats coming from Russia. Everyone who monitors developments there must be aware that the possibility that Russia could become a very authoritarian state—and, in the worst case, a state with a military dictatorship—cannot be ruled out. As the party chairman, I respect the unequivocal decision of our central committee to apply for membership in NATO as a vitally important step for the Czech Republic. I repeat: Whether with a referendum or without, our policy conference will decide. Naturally, I will subordinate myself to its decision.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Antonin Rasek Becomes Shadow Minister

AU1610190195 Prague LIDOVE NOVINY in Czech 9 Oct 95 p 3

[CTK report: "A Shadow Minister"]

[FBIS Translated Text] Liberec—The defense minister in the Czech Social Democratic Party's [CSSD] shadow cabinet is Antonin Rasek, the chairman of its Defense Commission. This is apparent from a statement made by this party's chairman, Milos Zeman, in Liberec on 7 October. Zeman refused to divulge the name of the shadow minister, but he did say that he was the former deputy defense minister in the first post-November [1989] government and later the director of the Institute for Strategic Studies. This would mean Antonin Rasek.

Reinvestigation of Radar Export to Kyrgysztan

AU1710113295 Prague MLADA FRONTA DNES in Czech 14 Oct 95 p 1

[Article by "(km, lup)": "Grave Doubts Are Accompanying Tamara's Export to Kyrgysztan"]

[FBIS Translated Text] Prague—The export of a Tamara passive radar system—the most problematic and, at the same time, best Czech military device—to Kyrgysztan is being accompanied by grave doubts about whether it is indeed intended for delivery to this Central Asian country or will end up in another embargoed country.

The Czech authorities are now looking into all of the circumstances of this controversial deal again because when, after many years, this export was reapproved four months ago, new and grave doubts arose about the final user of the Tamara reconnaissance system.

Among the third countries mentioned most in connection with where Tamara could eventually end up is Iran, which is only a few hundred kilometers from Kyrgysztan. Tamara's export to this country, which world powers regard as a terrorist country, would not otherwise be approved.

Military and diplomatic sources told MLADA FRONTA DNES that Czech authorities are looking into this export. The Foreign Ministry eventually confirmed this. "Despite the fact that the accountable authorities in Kyrgysztan have confirmed the authenticity of the documents submitted, the ministry is still paying extraordinary attention to this deal," said Jaroslav Olsa Jr., adviser to the deputy foreign minister, yesterday. "In such important cases, the ministry continues to monitor the situation even after a license has been granted," he added.

An export license was granted in May with the proviso that the Kyrgysz Defense Ministry committed itself to being the final user of the Tamara passive radar, which can detect even the invisible U.S. Stealth aircraft. According to Kyrgysz sources, the armed forces there are at the initial stage of their establishment and are suffering from a considerable lack of funds. The influential Russian daily SEGODNYA wrote recently that, according to independent observers in the Kyrgysz capital, Bishkek, most of the circumstances surrounding the contract confirm the suspicion that Tamara will be sold to a third country from Kyrgysztan.

Ministry Endorses Controversial T-72 Tank Tender

AU1710090495 Prague MLADA FRONTA DNES in Czech 11 Oct 95 p 1

[Article by "(km)": "Belehradek Has Endorsed the Army's Controversial Tender"]

[FBIS Translated Text] Prague—The Ministry for Economic Competition has not found any serious infringements of the law in its investigation into the most disputed Army order—the tender to modernize the T-72 tank. Belehradek's office did find mistakes in the controversial selection procedure, but it has not canceled it because it does not consider the mistakes to be serious ones.

The defense minister will be acquainted with the outcome of the investigation in the next few days. He will decide on the fate of the tender.

So, Belehradek's office, by its investigation, has not confirmed the most serious doubts cast on the regularity of the tender, to which some deputies and the commander of the ground forces, General Karel Kuba, had added their weight. According to them, the most lucrative part of the tender—to supply the tank's fire-control system—had been manipulated. Minister Belehradek, however, did not confirm the suspicion that several votes had been held, one after the other, on the tender's winner and that two members of the appraisal commission had been dismissed at the last moment.

In another partial tender—to supply the tank's gearbox—in which doubt had been cast on the timeliness of the payment of the financial guarantee necessary for entry into the tender, Belehradek's office was unable to issue a full point of view because the Czech National Bank refused to provide information on the appropriate banking connections. "The answer to this question is a banking secret," states Belehradek in his finding.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Two foreign companies, Officine Galileo of Italy and Nimda of Israel, are therefore still considered to be the tender winners. Their dissatisfied rivals—especially Sagem of France and Skoda Plzen—may appeal.

Defense Minister Holan himself asked for an investigation into the regularity of the tank tender after doubts had been cast upon it several times in the press.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Slovak Insurance Company Urges Kovac Resignation

AU1710090595 Bratislava PRAVDA in Slovak 13 Oct 95 p 2

[Article by "do": "Slovenska Poistovna Is Joining the Government's Appeal"]

[FBIS Translated Text] Bratislava—The board of directors of the Slovenska Poistovna [Slovak Insurance Company] shareholding company addressed to us yesterday the text of its appeal for the resignation of the president of the Slovak Republic. The appeal states, among other things, that, as representatives of a major financial institution, they feel the inappropriateness of some of the steps of the president, whose ill-considered activities upset the stability of the promisingly developing financial sector. "We would like to remind him that as a former banker he should know very well how sensitively banking and financial circles perceive each manifestation of instability in the political system, which has a negative impact on the inflow of foreign investment. We are of the opinion that some of the president's statements abroad, as well as his activities on the domestic political scene, provoke intolerable confrontation among the supreme bodies of state power, which has direct repercussions for the financial sector as well. Having considered all these facts, we are joining the Slovak Government appeal and with all due seriousness call on the president to reconsider his remaining in this post."

[Prague LIDOVE NOVINY in Czech on 14 October on page 6 carries a 100-word report by Vladimir Misauer, the paper's Bratislava correspondent, entitled "Insurance Company Demands Kovac's Resignation." The report notes that, following calls for Kovac's resignation from parliament, government, and the state administration, the above statement is "the first from a company."]

General Staff Spokesman on Army Reorganization

AU1610175395 Bratislava NARODNA OBRODA in Slovak 13 Oct 95 p 8

[Interview with Colonel Tomas Svec, press secretary of the Slovak Army General Staff, by "r"; place and date not given: "Slovak Army Has Gone Over to the Modern Brigade System"]

[FBIS Translated Excerpt] Trencin—As we have reported several times, in June 1994 the State Defense Council decided on the reorganization of regiments into the modern brigade system. In this first stage of the Slovak Army's reorganization, six brigades were established effective 1 October this year, two of which are on a permanent state of alert. The aim of the reorganization was to establish by 1 October 1995 such an organizational structure of troops that the peacetime strength of our Army corresponds to the Treaty on Conventional Armed Forces and, at the same time, to the defense sufficiency of the Slovak Republic. We asked Colonel Engineer Tomas Svec, press secretary of the Slovak Army General Staff, for further information.

[Svec] The Slovak Army commander issued an order comprising the plan of reorganization, mobilization, and deployment changes for the years 1994 and 1995. The Air Force and Air Defense troops were reorganized last year and, also last year, the Army Command was transformed into the General Staff. The Military Police and other components were reorganized as of 1 February 1995. The deadlines for building the home guard and rapid deployment units were specified with greater precision.

The reorganization was not a purpose in itself. It did not involve just the formal change of name—from regiments to brigades and from divisions to corps [zbory]. Conditions have been created for increasing the troops' combat potential, modernizing equipment and weaponry, and gradual professionalization. Conditions are thereby being met that transpire for our Army from the Partnership for Peace program and from gradual integration into NATO structures.

[NARODNA OBRODA] The new concept and structure must inevitably affect also the officers' corps and its social guarantees and security.

[Svec] Naturally, redeployments, structural changes, or changes in permanent positions have also had an impact on the social conditions of career soldiers and civilian army employees. However, these changes have been implemented gradually for two years. Let us not forget that transformation processes affect our society as a whole. Thousands of personal interviews at the level of individual units, corps, and the General Staff have had to be conducted in a short time. Some 700 officers and junior officers had to be relocated, which was connected with securing apartments for them and other problems. The reorganization has also made it necessary to relocate combat equipment—wheeled, tracked, and air equipment. It was necessary to prepare suitable accommodation, garage, and storage facilities. All these tasks are being fulfilled with limited financial resources. Unfortunately, we do not have funds to repair buildings and other installations.

[NARODNA OBRODA] As is known, part and parcel of the Army's transformation is the liquidation of excess combat equipment, the aim of which is to attain the internationally agreed level.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Svec] Yes. After 14 November 1995, the Army of the Slovak Republic may avail itself of 478 tanks, 683 armored combat vehicles, 383 artillery systems, 115 combat aircraft, and 25 combat helicopters. The surplus equipment has been partly sold, in harmony with international agreements, and the remainder has been scrapped. Troop numbers have been reduced concurrently. While at the beginning of 1994, the Army had 54,223 permanent peacetime positions, as of 1 October 1995 the number must not exceed 46,667 soldiers in active service. Moreover, the Army has expanded the number of civilian employees, 11,296 of whom currently work in the Army in various positions.

[NARODNA OBRODA] Has the Army's excessive focus on transformation and on reducing troop numbers and weaponry not weakened its combat ability? Even such allegations can be heard.

[Svec] The aforementioned tasks of transformation were surely in the forefront of attention. However, they were not allowed to be reflected in the troops' training level, in their readiness to meet the tasks assigned to them. Recently Slovakia celebrated 1,000 days of its existence. I say this because the Army of the Slovak Republic is no older than our independent state. Even in this brief period of time, its members have demonstrated at air shows, exercises, and at the military parade their readiness to defend the freedom, independence, sovereignty, and territorial integrity of the Slovak Republic. [passage omitted]

'Purges' To Resume at Internal Revenue Offices

AU1310151695 Bratislava PRAVDA in Slovak 7 Oct 95 p 1

[Article by "ms": "Another Round of Purges at Internal Revenue Offices"]

[FBIS Translated Text] As our editorial office has learned from well-informed sources that did not wish to be named, the purge in the posts of directors of regional internal revenue offices is to be resumed next week. Its first round took place in April when engineer Stefan Jagersky, director of the Central Internal Revenue Directorate in Banska Bystrica, recalled 13 directors at the behest of the Slovak Ministry of Finance. Three more directors were recalled in the second round in June. On 4 October,another 12 directors of regional internal revenue offices were summoned to Banska Bystrica, where they were told that they would cease executing their posts as of 11 October. Those affected are, among others, the internal revenue directorates of Zilina, Kosice, Presov, and Bratislava. The final number of directors to be stripped of their posts is to be 39. This would mean that 11 directors are still awaiting their dismissal.

¡Bratislava SME in Slovak on 12 October on page 2 carries a 300-word report by "klo" entitled "S. Jagersky: Dismissal of 12 Directors of Internal Revenue Offices Was Decided at Coalition Talks." In the report, Stefan Jagersky, director of the Central Internal Revenue Directorate, confirms the dismissal of 12 directors of regional internal revenue offices. "Some of the directors will leave on Wednesday [11 October], others as of 1 November. I have received a list with names. I do not know the reasons for the personnel changes but they were implemented on the basis of coalition talks," Jagersky is quoted as having told SME. Jagersky also says that he "did not have any serious objections to the work of the 12 senior officials who have been replaced."]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Horn on HSP Chairman, Prime Minister Roles

LD1410215795 Budapest Kossuth Radio Network in Hungarian 1500 GMT 14 Oct 95

[FBIS Translated Excerpt] [Announcer] This afternoon, there was a press briefing after the meeting of the Hungarian Socialist Party's executive. It transpired that Prime Minister Gyula Horn himself raised the issue of his possible resignation as party chairman, or prime minister. He repeated what he had said before, that being a prime minister was not his personal ambition, so he would accept his party's decision if they ever asked someone else to head the government. Gyorgy Nej interviewed the prime minister earlier today.

[Begin recording] [Nej] What do you think the meeting of Socialist deputies in Hajos was about? [passage omitted]

[Horn] [Passage omitted] I went there on 12 October at their invitation, and had a four-hour discussion with them. The issues of the survival of the coalition and that of the coalition partner [Alliance of Free Democrats] were not even raised. Nobody said he was fed up with the Bokros package. Without exception everybody took a stand in support of financial-economic stabilization. They said, however, that what does matter is how we would continue. I agreed with them completely. There are certain groups in society whose situation is virtually unbearable. As prime minister I will endeavor to reach agreement with them. [passage omitted]

[Nej] Five ministers have already resigned. How do you wish to change the way the government operates? [passage omitted]

[Horn] It is true that some ministers have resigned. However, with the exception of one, all have a successor in office. I do not think that, for example, the present industry and trade minister is worse than his predecessor. [passage omitted] There is no crisis within the government. There are those who cannot reconcile some tough steps the government has to take with their consciences. I understand this from a human point of view. What also has to be taken into account though, is that all ministers, without exception, are under terrible pressure.

[Nej] Excuse me for interrupting. The work of the state administration...

[Horn, interrupting] Terribly weak.

[Nej] Is it what prompted your criticism in Hajos? The hurry...

[Horn, interrupting] Yes, among other things. The state administration has weakened, and it is badly paid. It was surprising to hear some speeches at the executive's meeting. They said that these officials earn too much. This is not the case. Precious experts are leaving. It is a shame, and puts the ministers in a difficult position.

[Nej] [Passage omitted] Certain members of the government and some Socialist leaders talk about the excess power of the Ministry of Finance. That was one of the reasons why Mrs. Kosa [labor minister] resigned.

[Horn] In a country that is struggling with a financial and economic crisis, and wants to resolve its problems, the Ministry of Finance carries great weight. What I consider necessary—we discussed it at the executive's meeting—is very thorough groundwork so that no groundless or unthoughtful decisions are made in important political questions. [passage omitted]

[Nej] [Passage omitted] Do you agree that the most important task the Hungarian Socialist Party [HSP] and the government face is to marry stabilization with the oft-mentioned left-wing values? What does the following sentence, which was said in Hajos, mean: Burdens cannot be imposed on people from above; they can only be asked to make further sacrifices?

[Horn] There is a big debate within the party on how a left-wing party can build capitalism. Social democracy in western Europe is building capitalism, too. The kind of capitalism we are building is not the same. I think the social market economy that exists in Austria, Germany, and the Scandinavian states is a feasible road for Hungary, but the Anglo-Saxon or Latin American form is not. That is, we should establish conditions of continuous interest coordination, we should strive for social agreement, and we should give education and other areas their appropriate weight in the development of the economy and society. It is the HSP's task to address these concrete issues. I hope that our congress at the end of November [24-26] will be able to offer progress in this field. And finally, referring to the original question, the preservation of society's tolerance and political stability is vital.

[Nej] The need to divide the posts of party chairman and prime minister was suggested by many. [Former Finance Minister] Lajos Bekesi, and before him, Janos Hajdu [HSP deputy], said that you were not suitable for the post of prime minister. What do you have to say about this?

[Horn] Anyone may say whatever he wants inside this party and in public. No one can forbid them to do so, and I would not take offense at this. However, as HSP chairman, I insist—as do the majority of the executive, and others—that these issues should be raised and discussed within the framework of the party. I and the HSP should insist on this. I am glad when they say

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that this should be done instead, and come forward with concrete proposals.

[Nej] Was there anything like that in Hajos?

[Horn] Yes, there were concrete proposals.

[Nej] What criticism was levelled against you?

[Horn] I have to say, it was said that there is no unity or sufficient teamwork in the government, and so on. Some ministers made contradictory statements.

[Nej] Did you offer your resignation, in an indirect way, at the executive's meeting?

[Horn] No. What I said was they can find another prime minister and party chairman. I am not clinging tenaciously to my positions. It has never been a tradition in this party to regard someone as untouchable. I stress again that this should be resolved within the framework of the party. [end recording]

Horn Explains Purpose of Visit to Serbia, Croatia

LD1610180295 Budapest Kossuth Radio Network in Hungarian 1406 GMT 16 Oct 95

[Preagenda speech by Prime Minister Gyula Horn to the National Assembly on 16 October—live]

[FBIS Translated Excerpt] Thank you, Mr. Speaker. [Passage omitted] As is known, the basic tasks of this government are to guarantee and strengthen the country's security and political stability. The Hungarian Republic has not become involved in the region's military conflicts, for which both the previous and the present government have done a lot.

Over the past 15 months, significant progress has been made in nurturing good relations and cooperation with Austria, Slovenia, and Ukraine. I can safely say that over the past 15 months there has been a turning point in Hungarian-Slovak relations. On the agenda now is to find a solution to disputed matters and to strengthen cooperation.

Our political and economic relations with Romania have been developing rapidly on a high level. At bilateral talks we have been trying to overcome the tension overshadowing our relations and to take steps to solve the problems.

Among our forthcoming tasks are to strengthen our good relations with Croatia and to break the deadlock in our relations with the Federal Republic of Yugoslavia—that is rump Yugoslavia. I would like to inform the esteemed national assembly and the public that prime ministerial talks will be held in Zagreb and Belgrade in the forthcoming days.

How can we justify these visits? First and foremost, in line with the community of nations, we are of the view that the Yugoslav crisis, the cessation of war, might come to a new and final stage. There is a chance of this, although there is no guarantee. It is extremely important that during the forthcoming one and one half months—until 30 November—we can also contribute to the implementation of this process. There is no need to stress how much Hungary—as a neighboring country as well as the chairman in office of the OSCE—is interested in the establishment of peace. We would like to make the best of this opportunity.

Second, launching economic reconstruction in the Yugoslav states is both a condition and a means for the establishment and consolidation of peace. The Hungarian Republic intends to take part in it, and we are even ready to integrate government efforts by other countries, because this is also on the agenda.

It is widely known that Hungary has suffered serious losses since the outbreak of the Yugoslav conflict. Disregarding losses caused by the lack of transit transport, by the end of 1994 our concrete economic losses reached $2 billion and since then our losses have increased further. The establishment of peace, however, makes it possible that refugees will return home, because this is one of the conditions and aims of the establishment of peace. Hungary is also directly interested in this process, because about 25,000-30,000 refugees who have fled from the territory of the former Yugoslavia are staying in Hungary at the moment.

Third—but not least—we wish to do everything possible to protect the Hungarian community of Vojvodina and Croatia and to improve their situation. All this, however, depends on our bilateral ties primarily with Croatia and Serbia, or with rump Yugoslavia. I would like to stress that the Hungarian Government opposes any effort which tries to change the ethnic composition and structure of the area and reacts extremely sensitively to all these phenomena which could be seen particularly over the past period.

All these interests and aims justify the Zagreb and Belgrade visits. I would like to add that we have consulted about these visits with our western partners, who very much support them. Tomorrow we will also hold talks with representatives of the Hungarian communities in Serbia—that is Vojvodina—and Croatia.

Through the Foreign Affairs Committee we would also like to inform the esteemed National Assembly about the outcome of these visits and talks.

In this connection, I would like to point out that by strengthening our external defense we may increase our

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

internal political stability too. I think it is obvious for everyone that we cannot tackle our very serious internal financial and economic tasks without stability.

Let me say something in connection with this. As far as I am concerned, I do not regard as enemies those who respectfully protest against us holding democratic rules [as heard]. They are free to do so. We acknowledge—I acknowledge—that not everybody accepts the difficult situation in which the government has to act and will probably have to act for a number of years.

I would like to emphasize that the government, the government coalition, is not in a crisis—in spite of the fact that it has to deal with a crisis and manage the transformation. The debates within the government are about the ways by which we can meet requirements at home and abroad.

This government is ready and able to listen to others' proposals. We are ready to hold talks about proposals made by the opposition, by professional and interest-representation organizations. What is important is that these proposals should serve the country's real interests which can be met under the present circumstances.

I do not think I have to stress that the sobriety of public figures is of particular importance now. I agree with those recent opposition statements which ask public figures to show more self-restraint. It is a citizen's right to go on strike and to protest. However, it is irresponsible to incite tension and to aggravate existing major problems. I would like to point out that we find this attitude among the organizers of the protest set for 22 October [eve of national day commemorating the 1956 revolution].

There are many discontented people in this country, many are distressed. We understand them. The implementation of the financial-economic stabilization presents a very hard and painful task to the government, to the government coalition, and to everybody. But it is in the nation's vital interest that nobody is set to weaken political stability.

I hope very much that the esteemed parliament will help us distance ourselves from these phenomena and endeavors. This government, this government coalition, can only work for the strengthening of democratic institutions—and this can only be guaranteed by democratic means. This is the road we have taken and we do not wish to abandon it. In this we count on you, the responsible representatives of the Hungarian voters, in everything. Thank you, Mr. Speaker.

Netherlands' Kok: Hungary Will Become EU Member

BR1310143395 Rotterdam ALGEMEEN DAGBLAD in Dutch 12 Oct 95 p 3

[Article by Othon Zimmermann: "Kok Does Not Want To Keep Hungary Waiting Any Longer"]

[FBIS Translated Text] The path to "Europe" is of such importance to the countries of Central and East Europe that any political statements on the subject are given very careful consideration indeed. Yesterday [11 October] in The Hague diplomats from Romania, Poland, Slovakia, the Czech Republic, and Bulgaria carefully listened to the press conference given by Netherlands Prime Minister Kok and his Hungarian colleague Gyula Horn.

After the customary comments about "excellent" relations, the subject of "Europe" came up. Kok said: "After the 1997 Inter-Governmental Conference [IGC], the EU must show that there is substance to the prospect of EU membership. The EU must make it clear when negotiations on admission are to begin."

Kok stressed that Hungary will be a member of an enlarged EU. He added that Russia, which opposes the integration of its former Warsaw pact countries into the West, has no right of veto. "Neither formally nor informally, although we naturally attach importance to good relations with Moscow." The prime minister believes there is a need for some urgency as the people of Hungary must not be the victims of inertia. "They have already been waiting for six years to be included in West Europe."

Hungarian Prime Minister Horn (65) was generous in his praise for bilateral relations, no doubt bearing in mind that the Netherlands will be in the president's chair at the IGC.

Horn, who became famous in 1989 by personally cutting the barbed wire on his country's border with Austria, is expecting the final word on Hungary's EU membership to come at the IGC. In order to prepare the process he argued for parts of Hungary to be included in the so-called Euroregion, the cross-border cooperation framework.

Horn, who is plagued by major divisions in the socialist-liberal coalition government on the subject of the stringent economic reform policy, reacted irritably to the criticisms from his Labor Affairs Minister Magda Kovacs Kosa who resigned the day before yesterday. She accuses Horn of pushing ahead with his reform program regardless of the social consequences for large sections of the population. "It is not prohibited for a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

minister to resign. It has been known to happen in the West too," said Horn in The Hague. He then went on to speak of his country's economic performance.

"In 1998 my country will satisfy the minimum limits of the economic requirements. This applies to growth in GDP, the size of the budget deficit, inflation, the private sector share in the economy, and employment."

Horn, who was foreign minister at the end of the communist government, admitted that there were "victims" of his policy. "There is certainly domestic discontent, especially among those who have suffered so much in the past. But we are being judged on our performance. Those who are suffering at present must realize that the reforms are ultimately in their own interest."

FRY's Kontic Wants Economic Reconstruction Aid

LD1610195795 Budapest Kossuth Radio Network in Hungarian 1700 GMT 16 Oct 95

[FBIS Translated Excerpt] Yugoslavia wants Hungary to help with the reconstruction of the country's economy after the lifting of the UN embargo, Yugoslav [Federal Republic of Yugoslavia—FRY] Prime Minister Kontic told the Hungarian charge d'affaires in advance of Gyula Horn's talks in Belgrade on Friday [20 October]. Szilveszter Varga reports.

[Varga] [Passage omitted] Speaking of the minorities, Kontic said that they should play the role of a bridge between the two countries. They praised the effort that both sides try to establish an institutional framework for normalizing relations after the lifting of the sanctions. A sign of this is that the two countries' economic and cooperation agreement is ready to be signed.

Beside Radoje Kontic, Hungarian Prime Minister Gyula Horn will also meet Serbian President Slobodan Milosevic during his Friday visit to Belgrade.

Goncz Interested in Iranian Oil Purchase

LD1710083795 Tehran IRNA in English 0707 GMT 17 Oct 95

[FBIS Transcribed Text] Vienna, Oct. 17, IRNA—Hungarian President Arpad Goncz indicated interest in the purchase of Iranian oil with the re-opening of the Adriatic oil pipeline. Meeting Iranian Ambassador Morteza Saffari Natanzi in Budapest Monday, the Hungarian president remarked that Iran could become the second supplier of oil to Hungary after the Russian Republic.

Stressing on expanding bilateral relations, he paid special attention to the development of economic and trade ties. Goncz, referring to the coming visit of Hungary's parliamentary leader to Iran, noted that the planned visit as well as the promotion of parliamentary relations between the two nations would also assist in enhancing commercial ties.

The two politicians also discussed bilateral cooperation aimed at forging closer cooperation with the newly independent republics of Central Asia and the Caucasus.

Goncz stressed the importance of respect for human rights while rejecting the enforcement of the said norms on countries with different cultures and viewpoints.

Commenting on the conflict in the former Yugoslavia, he emphasized that Bosnia could become the Palestine of Europe and expressed his concern with the injection of the element of ideology into the conflict in the region.

The Hungarian president concluded by reiterating an invitation he made earlier for President Hashemi-Rafsanjani to visit Hungary.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Izetbegovic Views Chances for Peace Process

AU1710102495 Ljubljana OSLOBODJENJE (Europe Edition) in Serbo-Croatian 5-12 Oct 95 p 3

[Interview with Alija Izetbegovic, president of the Presidency of the Republic of Bosnia-Herzegovina, given to DNEVNI AVAZ; place and date not given: "Bosnia Between the East and the West"]

[FBIS Translated Text] President of the Presidency of Bosnia-Herzegovina Alija Izetbegovic answered the questions of DNEVNI AVAZ, for the first issue of this newly initiated newspaper, in which he gave his evaluations and perspectives on the present situation in our country. BIH PRESS publishes this entire interview:

[DNEVNI AVAZ] The peace process is in full swing. New breakthroughs are expected. Can we expect the territorial division to be more in favor of the Federation of Bosnia-Herzegovina? Have possibilities for that been created?

[Izetbegovic] In this moment, within this peace initiative, our hands are tied with the 51:49 proportion. A more favorable proportion would be possible under two conditions: If this initiative were unsuccessful, not through our fault but through theirs, and second, if after our army started liberating new territories. This second condition is not an easy one, because, most probably, we will have to fight alone, just like we have done in the last three years, since the Croats, as it seems, will not continue fighting. This last thing is not sure and it depends on the solution of the eastern Slavonia and western Srijem issue. As you see, there are many conditions and uncertainties.

We Want a Change in Banja Luka

[DNEVNI AVAZ] The peace plan predicts the return of people to their homes, or a just compensation. If a bigger number of people decides in favor of compensation, who will pay for that, and how will that be secured?

[Izetbegovic] The so-called Serb entity will be obliged to pay compensation to the citizens who left their property there. Of course, first it will be necessary to determine the obligation, i.e. the debt, and it is always hard to have debts paid out, particularly from a bad debtor. An international body will mediate in everything, as has been suggested in the Geneva agreement. Those are the principles, and details and procedures are still to be determined.

[DNEVNI AVAZ] There is a decision by some countries of the Organization of Islamic Conference [OIC] not to respect the arms embargo against our country. The war still goes on and we need weapons. When can we expect the realization of the decisions from Kuala Lumpur?

[Izetbegovic] Already on 6 October, in a few days, high officials of Malaysia, Iran, Pakistan, Turkey, and other Islamic countries are meeting in Istanbul with the purpose of realizing the decisions from Kuala Lumpur. A high delegation of ours will also be there. Things are going rather well.

[DNEVNI AVAZ] The admission of Bosnia-Herzegovina to the "Partnership for Peace" program, in other words to NATO, has been timidly requested. Will Bosnia-Herzegovina be a member of that military alliance one day?

[Izetbegovic] To tell you the truth, we do not particularly insist on that. We are a country "between the East and the West." Besides, we are one of the few countries which at the same has the United States and Iran as its friends, and which at the same time has the support of the Arabic and the Jewish world. I see that as a big achievement of our policy.

[DNEVNI AVAZ] One of our conditions for the ceasefire is the abolition of the military regime in Banja Luka, and the return of the civilian structures. The demand is rather undefined, particularly since a police system ruled by civilian organs can be even more repressive. What do we really want in Banja Luka?

[Izetbegovic] In short, we want a change. Even if at first practically everything remained the same, the change would open up longer processes. The police have an equally bad, if not an even worse, reputation than the army, but the departure of Karadzic's army would make possible a bigger influence of civilians. We have heard that among them there are a number of reasonable people. In totalitarian systems, a change, even when it is only a cadre change, always means a facilitation, and opens a process of improvement.

The Corridor in Posavina

[DNEVNI AVAZ] At this moment, at the stage of actual negotiations, are the parts of Podrinje [eastern Bosnia], particularly the territories of Srebrenica and Zepa, definitely lost for us?

[Izetbegovic] The solutions based on the U.S. initiative, which are now being discussed, have a bad and a good side. The bad side is that some territories have been lost, the good one is that none of them has been definitely lost. The battle for them goes on with some other, nonmilitary means, and it will last long. We are trying to secure legal preconditions for that in this phase of the process. I believe that at this moment we cannot do more, without putting everything at stake. The exception

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

is the situation I talked about at the beginning of this interview, answering your first question.

[DNEVNI AVAZ] Would not the cutting of the corridor in Posavina speed up the end of the war, and finally defeat the aggressor? Can we expect such an action soon, together with the Croatian forces?

[Izetbegovic] There are different assessments here. According to some, we should try to do that, and in that way end the war. According to other, very responsible and, I would say, very well informed people, that would result in a direct involvement of Serbia in the war. Serbia is already involved, but indirectly. A direct involvement means that it would openly send around 10 divisions to help General Mladic. Assessments say that Milosevic would have no other choice. The war would continue, but this time on a much higher scale. The last two big wars, the first and second World Wars, show that war is a process which cannot be controlled. I think that at this moment Croatia is not ready to take part in the cutting of the Posavina corridor, but it is ready to change its behavior in the case its negotiations on its eastern territories, meaning the occupied parts of Slavonia and Srijem, fail. In that case, the situation changes radically.

[DNEVNI AVAZ] Bosnia-Herzegovina as a state will have a parliament, a presidency, and a government. How will these institutions be formed?

[Izetbegovic] Through elections in both entities—I hate these names, I do not know who invented them. Under the control of international observers, direct elections would be held in order to elect the presidency and the parliament. The elections will be held after a commission of the Organization for Security and Cooperation in Europe [OSCE] confirms that political and social conditions for free democratic elections have been fulfilled. Until new institutions are formed in that way, the republic institutions—the parliament, presidency, and government—will go on functioning.

[DNEVNI AVAZ] Once free, democratic elections take place, there is a possibility that one entity could choose people who will not be proclaimed war criminals, but who, through their previous activities, heavily violated the interests of their own, and particularly of the other two peoples in Bosnia-Herzegovina. Are there any guarantees that these people will not be on election lists?

[Izetbegovic] Unfortunately, I do not think there are. We will do everything in our power to ensure that all or most of those for whom there is evidence that they have been directly or indirectly involved in war crimes be prosecuted.

Changes in the Constitution

[DNEVNI AVAZ] The New York talks for the first time mentioned the constitution of Bosnia-Herzegovina. Could you say something more about that future document?

[Izetbegovic] I only know that the Republic of Bosnia-Herzegovina will have its constitution and that, as compared to what we have now, it will be changed a lot. I could not say how much. As you know, we are trying to secure all important functions for the future state, and they are trying to reduce them as much as they can. Where exactly the pendulum will stop—I do not know, but I do know our minimums. We are thinking of including some lawyers with international reputation in the negotiations, maybe Badenter, although the problem is not in the knowledge, but in the balance of power.

[DNEVNI AVAZ] After the fall of the self-proclaimed "Republic of Western Bosnia," which was probably the republic with the shortest lifetime in recent history, the "republicans" were given the possibility of amnesty. The leader of the rebellion, Fikret Abdic, is almost out of the reach of justice. Will we ask his extradition from Croatia?

[Izetbegovic] I believe that has already been done, because the parliament has made that decision.

LBO Seen Demanding Change in 49:51 Ratio

AU1610175795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 16 Oct 95

[FBIS Translated Text] The new military-political situation gives a certain advantage to the Bosnia-Herzegovina side in the continuation of the peace negotiations, according to the opinion of the LBO [Liberal Bosniak Organization]. LBO Deputy Chairman Dr. Salih Foco spoke to journalists at today's news conference about this opinion. This opens the possibility of certain details being corrected. Above all, one has to demand a change in the territorial ratio of 51:49, among other things because only 14 percent of the overall population of Bosnia-Herzegovina lives on the territory currently under the Serb control.

Also according to some assessments, about 700,000 Serbs who used to live on that territory are now living in other countries and enjoying the refugee status as citizens of Bosnia-Herzegovina.

LBO Deputy Chairman Salih Foco also said that it is necessary to correct the name of that entity, the Serbian Republic. The Geneva agreement, as well as other documents, also mention the refugees' right to return or to receive adequate compensation, which opens the possibility of legalizing ethnic cleansing.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The LBO advocates the establishment of the same principles for the Albanians in Serbia, that is, the Bosniaks in Sandzak, as well as for the Serbs in Bosnia-Herzegovina.

Apart from these issues regarding some proposals and possibilities in the further peace process, also touched upon at today's news conference was the delay in the realization of the Federation within which there still exists Herzeg-Bosnia, and the problem of human rights and freedoms on the free part of our country where the presence of the state is not sufficiently felt and where [word indistinct] repression. The freedom of the media is being threatened more and more, and if this trend continues, we are going to go toward totalitarianism, LBO Deputy Chairman Salih Foco said at the end of today's news conference.

SDA Views Need for Cantons in Liberated Areas

AU1610161695 Sarajevo DNEVNI AVAZ in Serbo-Croatian 3 Oct 95 p 7

[Interview with Mirsad Ceman, secretary general of the Bosnia-Herzegovina SDA, by Almasa Bajric; place and date not given: "The Authority of the So-Called Herzeg-Bosnia Is Being Established in Jajce"]

[FBIS Translated Text] [Bajric] Forming cantonal bodies of authority is one of the prerequisites for the implementation of the Bosnia-Herzegovina Federation. The process started a year ago with forming the Tuzla-Podrinje Canton.

We spoke about the process and the problems accompanying it with Mirsad Ceman, secretary general of the Party of Democratic Action [SDA] and chairman of the Federal Coordination Committee for the Implementation of the Federal Constitution.

The Zenica-Doboj Canton was formed without the participation of the Croatian Democratic Community [HDZ] deputies. Why?

[Ceman] Politically, we had been ready for a long time to form this canton. Owing to different interpretations of the Constitution and problems pertaining to setting up transitional municipal bodies of authority, the issue was dragged out, particularly by HDZ representatives. In the end, the decision of the arbiter was supposed to be decisive. Following the announcement of the arbiter's decision for the municipalities of Vares, Teslic, Doboj, and some other municipalities, we considered this to be enough to warrant going ahead with setting up this canton.

[Bajric] The SDA complained about setting up the West Herzegovina and Bosnian Posavina cantons?

[Ceman] The West Herzegovina canton was formed without previously forming transitional municipal councils, in Livno, for example. Moreover, some of them were formed under the "seal" of the so-called Herzeg-Bosnia, and not the Federation, in Tomislavgrad, for example. We cannot accept that these councils have been legally set up, which then calls into question the implementation procedure for this canton. In addition to this, nothing was done about setting up the aforementioned transitional municipal councils even after the forming of the cantons. The situation was similar in the case of the Bosnian Posavina canton, where the Bosniak people were not appropriately included in its formation.

[Bajric] It seems, nevertheless, that the Neretva and Central Bosnia cantons are the source of the majority of problems.

[Ceman] The majority of controversial issues regarding setting up transitional municipal authorities were in these two cantons. In the Central Bosnian Canton we had the difficult issues of Bugojno, Prozor, Fojnice, and in the Neretva Canton the issues of Capljina and Mostar, which made the aid of an arbiter essential.

[Bajric] The arbiter's decisions are here; is there a hint of progress?

[Ceman] Following these decisions, the chairman of the Central Bosnia cantonal coordination committee for the implementation of the Constitution has scheduled a meeting. Everyone wants to see this done as soon as possible. Perhaps it is logical that precisely because of the specific constitutional arrangements for these two cantons they are the last to be set up.

[Bajric] It seems that the return of refugees is additionally complicating the process?

[Ceman] This issue will have to be solved not only within the context of setting up transitional authorities, but also generally. It will be solved on the basis of principles earlier on agreed about the return of everyone to their homes. Neither we nor the representatives of the Croatian people, at least in principle, are questioning this.

[Bajric] Problems are also cropping up in the newly liberated areas?

[Ceman] The best example of this is Jajce. Instead of setting up transitional municipal authorities immediately after liberation, we are witnessing that, in fact, the authority of the so-called Herzeg-Bosnia is being established there, in the Jajce Municipality within the Bosnia-Herzegovina Federation.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The HDZ Is Not Recognizing Legality

HDZ representatives did not respond to invitations to attend talks, nor did they participate in drawing up documents for the Zenica-Doboj Canton. The HDZ came out with the stance that they do not recognize the cantonal assembly as legal and legitimate. However, the session was attended by representatives of the Croatian people from opposition ranks, and I hope that in the future the HDZ will also participate in the work of the cantonal assembly.

Sacirbegovic Comments on Federation, Cooperation

AU1610101095 Zagreb VECERNJI LIST in Serbo-Croatian 9 Oct 95 p 7

[Interview with Muhamed Sacirbegovic, foreign minister of Bosnia-Herzegovina, by Azra Kaurin; place and date not given: "With Croatia to Europe"]

[FBIS Translated Text] There is little time left before the beginning of the conference on Bosnia-Herzegovina, and there is a lot of work to be done to fulfill the obligations under the signed cease-fire agreement. It can already be said that not all the obligations from the agreement will be fulfilled in time. We talked about the current situation in Bosnia-Herzegovina with the Minister of Foreign Affairs in the Government of Bosnia-Herzegovina, Muhamed Sacirbegovic.

[Sacirbegovic] The cease-fire agreement has already been signed, but that cease-fire will not come into effect or be implemented so long as electricity, water, and gas do not reach Sarajevo. We will not accept a cease-fire unless the most important part of life is established. There are some technical problems regarding our request for the opening of the roads to Gorazde, like mines on the road and destroyed bridges. We demanded that the UNPROFOR [UN Protection Force] guarantee the safety of the roads, and we asked that the conditions we posed be fulfilled before the beginning of the international conference on Bosnia-Herzegovina.

The Contact Group Map

[Kaurin] What will happen to Sarajevo?

[Sacirbegovic] Some European countries, some big powers, would like to use Sarajevo as a sort of balance between Belgrade and Zagreb. Their intention is to play an imperialist game in the Balkans. On one side, it might seem favorable for Sarajevo to be a means of keeping balance. On the other side, that is not appropriate for a European country. Something like that is done in Africa or Asia, but not in Europe. We are indeed a sort of balance, but we will not be someone's political, imperialist toy. We believe that Croatia is also interested in this, which means that we can be a means of keeping balance which is heading the European Union together with Zagreb.

[Kaurin] Is the map of the Contact Group after the liberation of the new territories in Bosnia-Herzegovina still valid?

[Sacirbegovic] The map of the Contact Group made 15 months ago is still the most important one. No other map has been agreed upon. Mr. Holbrooke has some new ideas.

[Kaurin] The meeting in Rome brought some concrete agreements on reconstruction. What can you say about that meeting?

[Sacirbegovic] The meeting in Rome concerned the cooperation with the Contact Group in the economic reconstruction of Bosnia-Herzegovina, Croatia, Serbia, and Montenegro. We know that Bosnia-Herzegovina, Croatia, Serbia and Montengro need reconstruction and economic support. But, those are thoroughly different situations. We do not want Serbia and Montenegro to lag behind, but their economic progress does not depend on capital. Their biggest problem is that they have not changed anything in their political and economic system. Not only that there is no democratization in Serbia and Montengro, they have gone even further. By violating democracy, and the human rights of Albanians, Muslims, Croats, Hungarians, Bulgarians, even Serbs themselves, they have gone into fascism.

We are the victims of Serbian and Montenegrin aggression, and, from the political standpoint, we do not accept the comparison. In places under the control of our army there is democracy and respect for human rights. Regardless of what will be the internal arrangement of Bosnia-Herzegovina, we want the human rights and law to be respected.

Serbia—An Isolated Island

[Kaurin] What was the attitude of the Bosnian side in Rome?

[Sacirbegovic] We believe that Bosnia-Herzegovina and Croatia must be partners. Until now we have had strategic interests—defense against the same aggressor. In the future we should also keep in mind our common interests. In the geopolitical aspect, our two countries cannot be seen separately. If we go in the direction of the European Union and NATO together, then we should go as two sovereign states that cooperate closely.

That explains many worries on both sides. Particularly those of Bosnians, who constantly hear about some big Croatian appetites. That would certainly harm Croatian integration in the European Union. If we go to NATO

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and the European Union together, borders and separation lines become less important. Both Croats and Bosnians should see Bosnia-Herzegovina and Croatia as one territory heading towards Europe.

[Kaurin] How do you evaluate the relationships between Bosnia-Herzegovina and Croatia in this moment? Some media tried to present those relations as shaken?

[Sacirbegovic] They will not be stable if they are built only on the basis of the common enemy. Close cooperation is not only welcome but also necessary. Bosnia-Herzegovina and Croatia will at the end not be an isolated island in Europe. And Serbia maybe will. Now we need a new vision. The federation is very important and it is the basis for mutual relationships, and they will improve most when we enter the European Union and the western defense system. Some Croatian politicians say that the way of Bosnia-Herzegovina to Europe leads through Croatia. Geographically it is that way. But, I also believe that the way of Croatia goes through Bosnia. Croatia is being evaluated by the European countries, the United States and Islamic countries also through the way it treats Bosnia-Herzegovina, through the extent in which it respects human rights and democracy. Both countries win if they cooperate, and if they do not cooperate, they lose, and they create a possibility for building of another wall between them.

Western Bosnia

[Kaurin] What about the Serbs?

[Sacirbegovic] Serbia and Montenegro also have a way to Europe. But, before that, they first have to adapt not only their economic standards but also democracy and the respect of human rights and of national minorities. For Serbs in Bosnia-Herzegovina the best solution is in the European Union.

[Kaurin] What is happening in western Bosnia? Is it true that General Dudakovic [commander of the 5th Corps] has been wounded?

[Sacirbegovic] We heard that something did happen near Cazin, but later that turned to have been rumors.

[Kaurin] In the last few days there has been intense fighting in western Bosnia. Can the 5th Corps resist the Serb aggressor without the help of Croatian forces?

[Sacirbegovic] The territory of western Bosnia is under a strong Serb offensive. They have started taking territories planned to belong to the federation. We will defend that. The Split agreement is still valid. In western Bosnia we will try to create a situation that will bring us closer to peace.

[Kaurin] What will happen to UNPROFOR? Will NATO forces come to Bosnia-Herzegovina?

[Sacirbegovic] It is clear that the forces of NATO and of some other countries will come, and that they will be under the UN mandate and under the NATO command. Another thing: The United States says that Bosnia-Herzegovina should prepare itself for defense when NATO leaves. We agree to that, and that has been promised to us through the US initiative. Some European countries do not count on that. We would be very glad if Bosnia-Herzegovina could be demilitarized, and our sovereignty secured. That can be realized if we join NATO and the European Union; and we want no empty promises.

Turning to the West

[Kaurin] Does turning to the West distance Bosnia-Herzegovina from Islamic countries?

[Sacirbegovic] By turning to the West we do not distance ourselves from other communities, like for example the Islamic countries. We always say that we are the bridge to Europe. If the European Union really wants to be a power of stability in the world, then it needs those bridges. Bosnians are Europe, and nobody can take that away from us. If Europe wishes to use this important bridge, that is not only useful for us, but also for them and for the entire world.

No Cease-Fire Without Gas in Sarajevo

[Kaurin] What did the Serbs demand, and which conditions did they pose for the signing of the cease-fire agreement?

[Sacirbegovic] They are not posing any new conditions. They tried to bring the issue of the open city and of the freedom of movement in connection with the cease-fire agreement. There is no connection between those two things. This was harder to agree upon than can be seen from the document. The Serbs tried the old tricks. The supply of electricity, water, and gas is demanded by the United Nations and NATO, independent of the cease-fire agreement. After all, Mr. Holbrooke signed a document from which one can clearly see that there is no connection between those two issues. The cease-fire will not be accepted before gas, electricity, and water come into town. We will not allow the existing situation to be frozen, without having accomplished the minimum living conditions in Sarajevo and Gorazde.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Zubak Wants Federation To Replace Republic

AU1610131595 Sarajevo DNEVNI AVAZ in Serbo-Croatian 3 Oct 95 p 2

[Interview with Kresimir Zubak, president of the Federation of Bosnia-Herzegovina, by Fadil Mandal; place and date not given: "Only Bosnia-Herzegovina Has a Title to Sovereignty"]

[FBIS Translated Text] [Mandal] Mr. Zubak, after the meeting you held with Edhem Bicakcic, optimism has increased in the public that the Federation of Bosnia-Herzegovina and its Constitution will finally take root throughout its entire territory. Early next year has been mentioned as the final deadline. Do you think that the project of the Bosnian-Croatian Federation is advancing in that direction?

[Zubak] Well, I would like to point out that I had a very correct talk with Mr. Bicakcic. We have held two meetings so far, which were correct and open, and eventually we reached corresponding agreements. We have agreed on the issues that have to do with the implementation of the Constitution.

[Mandal] How is the implementation of the Constitution advancing?

[Zubak] I think that our mutual relations are improving, and that trust is being restored between the Croatian and the Bosniak-Muslim people. However, the establishment of the federal authorities has come to a certain standstill. Now we have discussed several very important questions that have to do with our future partnership, and consequently, with the establishment of the system we agreed upon in Washington. I have personally insisted on those questions in my address at the meeting of the federal parliament in Novi Travnik, referring chiefly to our proposal (of the Croatian Democratic Community [HDZ]) that a joint government should be formed, the jurisdiction of which should encompass the entire territory under the control of the Army of Bosnia-Herzegovina [BH Army] and the Croatian Defense Council [HVO].

We Do Not Accept the Republic

[Mandal] What was agreed upon in Split?

[Zubak] Some concrete conclusion have been made, and recently in Zagreb we also agreed that, in order to overcome and resolve problems and doubts regarding the Republic of Bosnia-Herzegovina and the Federation, we should endeavor to integrate the functions of the Federation and the Republic. For the time being, everything is in the stage of talks and negotiations, so that there is a certain standstill (and the new U.S. initiative has been launched, as well), but I think that our aggregate relations are improving, and that trust is being restored.

Banja Luka Is the Goal

[Mandal] When talking about the transitional period until final acceptance of the new peace plan, the Bosniak side is insisting on maintenance of the republican authorities, which is a stance that draws upon—and we believe rightfully—the first clause of the Geneva statement. Is the Croatian side ready to participate in such a solution?

[Zubak] With regard to that issue we have a completely different approach, and one of the problems that exists between us is the question of existence of the Republic of Bosnia-Herzegovina. The Croat people undoubtedly want to preserve the territorial integrity of Bosnia-Herzegovina, and that is undisputable. But the internal organization of Bosnia-Herzegovina, which is officially the Republic of Bosnia-Herzegovina, we do not accept. We do not accept it because the bodies of authority and decisionmaking within those bodies, despite our being a state of constituent peoples, are based on the principle one man, one vote. Given such an organization of the state we fear that a political will opposite to the interests of our people could be imposed on us. Therefore we prefer the form of internal organization as is defined by the Constitution of the Federation.

[Mandal] What are the reasons for that?

[Zubak] We say, republic is just a name and form of internal organization. Neither the Federation nor the republic, nor any other form of state system has a title to Bosnia-Herzegovina. Only and solely Bosnia-Herzegovina has it. Therefore, nothing is lost, and one should not fear that we shall lose international legal legitimacy, legality or continuity, if we insist on some other form of internal organization. For us, continuity and legality are beyond any doubt. What is doubtful is that, according to that logic, the title is supposed to be owned only by the Presidency of the Republic of Bosnia-Herzegovina. However, we believe that it belongs to those who live in Bosnia-Herzegovina, that is, to its peoples.

[Mandal] Reports from the front lines are telling us about great successes accomplished by the joint allied forces of the BH Army, HVO and the Croatian Army. At which border will the liberating action carried out by the armed forces of the Federation cease, and is there a political decision on that?

[Zubak] We have accepted suggestions that we should moderate armed activities for a certain time, and to give a chance to the representatives of the Serb people in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bosnia-Herzegovina and in general, to reconsider the initiative once more, and to take a stance with regard to all initiatives leading toward the settlement of the Bosnian issue. If that happens to produce an effect, then it is possible that a certain cease-fire comes about. If not, then we shall continue with the offensive, and where we shall stop it is hard to say right now.

[Mandal] Is Banja Luka the goal in that case?

[Zubak] Several days ago in a broadcast by the Croatian Television, namely Slikom na Sliku [Image by Image], Deputy Prime Minister Bosiljko Misetic stated the Croatian official attitude that Banja Luka was in the sphere of their interest. It is an interest of the Croat people in Bosnia-Herzegovina as well. However, we do not think that we should insist on a military settlement of the Banja Luka issue right now. If we do not achieve any satisfactory peaceful solution, then the city will certainly be regarded as one of our military and political goals as well. I think that the Bosniak side in the Federation thinks in the same way as well, because it has its own interests in that region as well. At the latest meeting in Zagreb we have discussed the liberation actions conducted by the joint armed forces of the Federation. From the official statement it has been possible to conclude that we want to further cooperate with the international community, that is, we support the US initiative and want to contribute to the quest for a settlement of the Bosnian crisis.

[Mandal] In Jajce, which has been liberated by Croatian forces, the authorities of Herzeg-Bosnia are being established. Why did not you establish federal authorities there in the beginning, since the liberation action was coordinated between the BH Army, the HVO and the Croatian Army?

[Zubak] One of the questions discussed in Zagreb was that question as well. You have seen that one of the clauses reads: No matter which forces have liberated particular towns or regions, the establishment of authorities there will follow according to the Washington agreement. Such a formulation leaves nothing to prejudgment. It is important that we introduce now a minimum of law and order in the newly liberated regions. Along with such actions all sorts of things happen, so it is necessary that somebody controls the situation on the ground.

Silajdzic Demands Return of Bosniaks to Jajce

AU1610213895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 16 Oct 95

[Report by Dzevad Kucukalic, including statements by Bosnia-Herzegovina Prime Minister Haris Silajdzic and Deputy Defense Minister Muhamed Lemes on 16 October; place not given—recorded; first paragraph is the studio announcer's introduction]

[FBIS Translated Excerpt] At its session today, chaired by Haris Silajdzic, the Government of the Republic and Federation of Bosnia-Herzegovina mostly discussed the implementation of the government's conclusions on creating conditions for the return of displaced people and refugees. It was also repeated that the return of displaced people was not proceeding at the expected rate and the most problems, apart from the Herzegovina municipalities, are occurring in Jajce and Mrkonjic Grad, although all the housing conditions are in place for their unimpeded return. Here is a report by Dzevad Kucukalic:

[Kucukalic] Discussing reports on the many activities by the Ministry for Refugees and Social Policy to create the conditions for displaced people and refugees to return to the newly liberated territories, the government members were told that only 1,380 people from Zenica, Donji Vakuf, and Travnik had recently returned by convoy to Bosanski Petrovac in the Bihac district and the Una-Sana Canton. At the moment another convoy of about 1,000 people is preparing to leave for the same region in the coming days. [passage omitted]

When the Bugojno program was mentioned, Prime Minister Haris Silajdzic remarked:

[Silajdzic] Why are we talking about the Bugojno program separately? It is all connected. We have no answer to those people from Jajce who are asking all the time why they are not going back. If security is at stake, security refers to everybody.

[Kucukalic] Six thousand Croats have returned to Jajce, the return of 1,500 to Vares has been organized and an equal number of them have been returned by their own organization. On the other hand, despite the agreement on a transitional municipal council for Jajce of 14 March [as heard], Bosniaks still cannot go back to their city, allegedly for security reasons.

Deputy Defense Minister Muhamed Lemes says this:

[Lemes] The situation today is such that one can [words indistinct] return in Kljuc, Mrkonjic Grad, and Jajce, so that [words indistinct] obstacles from that side.

[Kucukalic] The government concluded that it was necessary to establish federal authorities in newly liberated places and towns, but the federal partner has shown little understanding for this of late.

Later on at the session, the government decided to establish centers of the republican authorities in Travnik and Bihac, which are only its [word indistinct] bodies

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of five ministries in the field. At the suggestion of the minister of traffic and communications, the government agreed to a proposal to open the Kamensko border crossing.

Muratovic Blames UN for Closure of Gorazde Road

AU1610204695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 16 Oct 95

[Interview with Hasan Muratovic, head of the Bosnia-Herzegovina State Commission for Relations with UNPROFOR, by Branko Katana; place and date not given—recorded]

[FBIS Translated Excerpt] [Muratovic] We insist that the agreement between UNPROFOR [UN Protection Force] and the Serb side is fully implemented. As regards natural gas, the situation is very clear. All the valves in the whole of Bosnia-Herzegovina, wherever there are installations, [word indistinct] must be opened. We shall insist that this is fully implemented. As regards electricity, the infrastructure is to be further restored. As regards water, we are in contact via the highest UNPROFOR bodies and Mr. Eagleton's team. For the time being, the Serbs are refusing to supply the city with water, but it is possible that the people who make the decisions are not in Pale, but are all in Banja Luka, and that this is the reason. However, if the entire infrastructure is not established in a couple of days, we shall take the appropriate measures.

The road to Gorazde has not been opened. I think that this is UNPROFOR's fault. They must open this road.

[Katana] The cease-fire has not been observed in northwestern Bosnia. Last night, Koljevic [Bosnian Serb official] even accused the Bosnia-Herzegovina Army and asked General Smith to call for air raids against army and Croatian Defense Council positions. [passage omitted] The fact that NATO aid was asked for last night was condemned by the Pale regime. What does this mean? Will it come to a situation in which NATO intervenes?

[Muratovic] Of course not. NATO has an established role. They are now also demanding that [words indistinct] to implement the future peace agreement, but, to be honest, I have been waiting for a long time for the Serbs to start sending messages to the Security Council and NATO. This indicates that our army is in a good position.

Serb Leader Koljevic Sees Signs of Peace

AU1610143695 Banja Luka GLAS SRPSKI in Serbo-Croatian 7-8 Oct 95 pp 2-3

[Interview with Nikola Koljevic, vice president of the "Serb Republic" in Bosnia-Herzegovina, by Andjelko Anusic; place and date not given: "Signals for Permanent Peace"]

[FBIS Translated Text] In the last month, peace talks on the former Bosnia-Herzegovina have reached an intensity that promises a final and positive result. One of the direct participants in these talks is Nikola Koljevic, vice president of the Serb Republic [in Bosnia-Herzegovina], as a member of the Serb Republic's delegation in the joint Yugoslav negotiating team. After the Geneva and the New York document, which has the function of preliminary agreements for the general peace conference on the former Bosnia-Herzegovina, there followed—as a logical result of all this—the cease-fire agreement, and we can also expect a definite end of hostilities in the former Bosnia-Herzegovina. The cease-fire should start on 10 October. These were the reasons for our talk with Mr. Nikola Koljevic, vice president of the Serb Republic.

[Anusic] After the adoption of the constitutional principles of the former Bosnia-Herzegovina in New York, American envoy Holbrooke has managed to achieve the establishment of cease-fire in the former Bosnia, which should start on 10 October. Mr. Vice President, is there hope for this cease-fire to grow into a permanent peace in this region?

[Koljevic] The chances for permanent peace are, in effect, very good. In fact, they have never been better. There are several elements that indicate that. First, a meeting has been scheduled in Rome for today, to be attended by participants from Italy and Canada as well; Italy as a regional power and member of the European Union, and Canada as the country that financed most, which gave the biggest contingent of aid. It is interesting that Japan will also be present, as the richest Asian country and a member of the "Group of Seven," of the seven richest countries. The main topic will be the reconstruction of the countries created on the territory of the former Yugoslavia, which have suffered through the war. You see, already today, although peace has still not been established, there are considerations as to what should be done after the war. Another signal that gives hope of permanent peace is the fact that dates and topics of other rounds of peace talks have already been set. For example, one topic which is disputable, and which speaks about peace indirectly, is the issue of the peacekeeping forces. The U.S. proposal is that the U.S. military structure train the army of the federation

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to make it militarily competent, to which the French and the English reacted very negatively.

[Anusic] What is your comment on the Alija Izetbegovic's statement immediately upon the cease-fire agreement, that his armed forces would not stop the offensive until 10 October, when this agreement should come into effect?

[Koljevic] That is maybe the strangest thing in this entire agreement—the fact that peace is announced five days in advance, as if someone was intentionally giving five more days for the map to be drawn on the ground, so to speak, so that the territorial division, or the percentage proportion of that division, can be made on the basis of that. That is not a particularly humane method, and, as far as I know, for the first time in the course of this war, the exact time was mentioned—one minute after 12 o'clock on 10 October, and, as I just said, it was announced five days in advance.

In any case, we have to be ready and active, because we were put into that situation, as it were.

[Anusic] These days the NATO forces bombed Serb positions again, although they previously promised that that would not happen again, that there were no reasons for that.

[Koljevic] To be completely honest, they do have a formal excuse for that bombing, in the fact that their planes were caught in our radar scope, which they consider as a threat to their aviation. I say that is a formal excuse, because one has to know that before that there occurred a number of breaches in the air over the former Bosnia-Herzegovina. I have in mind a number of flights of Croatian aviation along the Sava River, then the horrible bombing of the refugee columns from the Republic of Serb Krajina, also by Croatian aviation. Then there are a number of other breaches. To all that NATO did not react in the same way. That is why I say once again that this is only a formal excuse. However, there is something else. No matter how cynical that may look, I believe that that was an attempt of the NATO forces to help the Croat-Muslim coalition in this moment, because it seemed to them that Serbs were advancing too fast, that they were recapturing the lost territories too fast.

That is probably why they intended to give them some more military help.

[Anusic] These days a part of the western press wrote that in New York Yugoslav diplomacy was for the first time stronger than the diplomacies of the other two parties. Whose is responsible for that?

[Koljevic] I would not discuss who is responsible. It is certain that the Yugoslav diplomacy prevailed, that is, it won. In the first place through its readiness to cooperate, although we have already been cooperative in many situations earlier as well, but the international community simply did not want to recognize that. This time they have recognized it. Another significant element is the fact that the other two sides, the Croat and the Muslim, made mistakes. The Croats made a big mistake by confiscating the Serb houses in the Republic of Serbian Krajina, which directly contradicts the possibility of the return of refugees. Of course, the Croats said that that law on confiscation was of a temporary nature, and that it would be annulled. However, in the eyes of the West their behavior was completely negative and counterproductive.

At the same time, the Muslim side, by posing their impossible demands (by delaying the peace process and making it impossible) also provoked the indignation of the world, the indignation of the international community. At one time in New York the Muslims could not even agree between themselves, as to what would be their attitude towards the paper they had previously accepted, so that a break had to be made during the meeting, which, to put it mildly, was a scandal in such a diplomatic environment.

Here I have to say that Serb Republic minister Aleksa Buha and I had a great support from Mr. Milutinovic, the Yugoslav foreign minister, particularly in defining and establishing the principles that "nothing is agreed until everything is agreed," which is very important for us. And in New York itself, I believe that the minister of foreign affairs of the Federal Republic of Yugoslavia showed both diplomatic skill and an understanding of the entire situation, which the international community appreciated very much.

[Anusic] Mr. Koljevic, what is understood by the special relationship of the Serb Republic with the Federal Republic of Yugoslavia, as is contained in the Geneva document?

[Koljevic] Nobody knows that exactly. The only framework of reference for that is the Washington paper, which says that "there will be parallel special relationships with neighboring countries." So nobody knows the details, but what is understood by this will be possibilities of ties in terms of the economy and customs, and in everything else that does not impair the international subject status of the union of Bosnia-Herzegovina. What is important is the principle that everything is allowed as long as it is not expressly forbidden. I believe that we will still have to discuss that, and that will be a diplomatic battle.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

According to international law, those are the minimums for the international existence of a state, and everything else was left to the parties in conflict to agree upon. On the one side, the Americans thus made their job easier, because they will not have to agree on a number of details, like the constitutional court, or whether there will be a government or ministries. Of course, they also left us more freedom to solve the common issues, which are in accordance with the real common interests, by ourselves.

It is important that this general agreement guarantees the absence of the possibility of domination or coalition of two partners over the third—by an indirect veto mechanism, both in the presidency and in some sort of assembly, a parliamentary body.

[Anusic] The Serb Republic was recently visited by high ranking representatives of the Russian Parliament and armed forces, and also, a few days ago, by the Russian deputy foreign minister. How do you interpret this visit, and what significance does it have for the final solution of the conflict in Bosnia-Herzegovina?

[Koljevic] It is very important for us, not only concerning those visits, but also a number of other visits we have had before—like the visits of military representatives, visits of parliament representatives, and the visit of Vladimir Lukin, Rifkin, and so on. All that says that Russia will not give up all that goes on here just like that, and that its interests in the Balkans still remain significant political interests.

On the other hand, the issue of peacekeeping cannot be agreed or enforced without them, because every move of NATO, and its arrival in this region, endangers the Russian Federation as well.

[Anusic] Serb Republic representatives proposed the forming of a Contact Group of Orthodox countries, which would, together with the official international Contact Group, participate equally in the peace issues in the former Bosnia-Herzegovina. That has not come about, although the Islamic block plays a great role in the actual peace negotiations. Why?

[Koljevic] It is a great pity that this did not happen, which comes from our old weakness of always being somewhat late in reacting to events. But, I believe that the Contact Group of Islamic countries will have no special influence on the solution of this crisis, so that, on the one side, it is a pity we were late in doing that, and on the other, maybe that will be the reason to reduce the influence of the group of Islamic countries, because there is no counterbalance on the other side, which will make the negotiations simpler.

[Anusic] These days president Karadzic has warned that what certain members of the parliament did was a criminal act—namely that now, in Italy, without the authorization of the People's Assembly, they negotiate "with our enemy," as the president of the republic said. How do you comment upon this?

[Koljevic] That sort of practice is not tolerated in the western democracy either. English members of parliament, who tried to do a similar thing, were immediately called to accout. Party responsibility and discipline is mandatory in all modern democratic countries. It seems that it is only not mandatory here. What makes that act even more serious is the fact that it was done during war. Imagine if somebody, for example, from the British Parliament had gone to negotiate with the representatives of the Third Reich during World War II!? That would have been unthinkable, despite the fact that some intelligence contacts did exist. That is a matter of institutions, not of secret diplomacy. Official authorities are one thing, and secret diplomacy is another thing.

[Anusic] For three years Serb civilians have been detained in the Muslim prison in Tarcin (one of the numerous prisons of the enemy). The international community has not managed to liberate these prisoners.

[Koljevic] That is our big struggle in the exchange of prisoners, particularly people from Tarcin. The Muslim side has blackmailed us, so to say, saying that they would release the people from Tarcin when we gave them the list of all missing persons. We gave them the list of the people we have, but ten or more years will pass until one learns what happened to some people in such a chaotic situation, particularly at the beginning of the war. So they posed a condition that was simply impossible to fulfill, which will have to be finally solved if freedom of movement is established, if a peace agreement is signed, because it is impossible to sign a peace agreement unless a problem like that is solved.

[Anusic] These days you had an important meeting with the representatives of the UN High Commissioner for Refugees [UNHCR], at which it was agreed that one of the logistics centers of this international humanitarian organization be based in Banja Luka. What will be the benefit and the significance of that for the Serb Republic?

[Koljevic] The UNHCR has finished reorganizing its activity on the territory of the former Bosnia-Herzegovina, and that is what the last night's meeting was about. Namely, they have decided to form three centers—one for the federation, one for the Serb Republic, and one specially for Sarajevo. So that they will have three logistics centers. The logistics center in Sarajevo would be both for Serb Sarajevo [Serb-occupied suburbs of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Sarajevo] and for the Muslim Sarajevo, whereas for the Serb Republic that center will, most probably, be in Banja Luka.

They proposed Banja Luka for the reason that there are the most refugees here, but also because from here it is easy to reach all other places, in various directions, and all the refugee camps and gathering centers. What matters is that the logistics of these three centers will be separated. Also, having in mind that the methodology of work of the UNHCR is to provide help according to need, and not according to the national key, we will now be in a situation to get what we need and not to get something as compared to somebody else's needs. It is clear to everybody that we here are in the worst humanitarian situation, after the exodus of the Krajina Serbs, the expulsion of our civilian population from border municipalities of [Bosanska] Krajina, and also after the waves of refugees from western Slavonia earlier. That is a humanitarian gesture of a big humanitarian organization in our favor.

[Anusic] In the NATO aggression on the Serb Republic, apart from the civilian casualties, there was a lot of material damage. Will the bill for the huge reparation be forwarded to those who ordered these crimes, namely the United States and the NATO nations, who will forward this bill, and when?

[Koljevic] That is not known for the time being, but there is no doubt that there is the moral right for such a demand. Therefore it would be very good to organize a commission to make a precise assessment of the damage (as distinct from other war damages) as soon as possible. It would be good if that commission also included foreign representatives, in order to give more legal validity and evidence to everything. It seems to me that the question will be solved within the international foundation for the reconstruction of the countries of this region.

[Anusic] These days American envoy Richard Holbrooke has intensely negotiated with Slobodan Milosevic (and with Zagreb, of course) on the definition of the status of eastern Slavonia, Baranja, and western Srem. In Erdut there was even a meeting of the Serb, Croat, and American sides about this problem. How do you see these negotiations, and what is the destiny of this part of the Republic of Serb Krajina?

[Koljevic] That is undoubtedly a Serbian problem. It is not a problem of the Serb Republic. We do not have much possibility of influencing the solution of that problem. I do not know what the final solution will be, although there is no doubt that those people will have to have great rights, because, after all, that territory is to a great extent populated with refugees, and they are mainly people who had been expelled from other parts of the Republic of Serb Krajina. Therefore I believe that these people will really have a privileged status—but I cannot say to which legal and political extent. The good thing is that by these preliminary talks that problem has been excluded from the peace package for the former Bosnia-Herzegovina, because, had it been posed as the necessary precondition for the signing of this agreement—the Serb side, as a whole, together with the Yugoslav side, would have been in a much more difficult position. So that any further negotiations concerning that give the Serb side a chance for justice to be done.

Peace—A Fait Accompli

[Koljevic] You see, once more there is talk about something that should come after peace is established, although the peacekeeping issue is a disputable one, having in mind the wish of NATO (and the compliance of western countries) for NATO to be the performer of that task, although the French want it to be the United Nations, whereas the Russians, on the other hand, do not want to put their forces under the command of NATO.

Finally, the setting of the date of the peace conference as 25 October in New York, and of the end ceremony in Paris (Moscow was also nominated for that act)—all that suggests that peace is considered to be a fait accompli. So, there are already plans for what is to come after peace is established. These are all clear signs that suggest that this time there will be no steps back into war, or any possibility of interruption of the conference on permanent peace.

Right to the Return of Territories

[Koljevic] In that context, it is good that Kljuc has been recaptured, meaning that yet another town of [Bosanska] Krajina has been returned under the sovereignty of the Serb Republic, and, second, that our soldiers are at the entrance of Krupa on the Una [Bosanska Krupa]. If Izetbegovic announces what he is announcing, we in any case have the right to return, particularly in [Bosanska] Krajina, which was temporarily lost, through the combined attack of NATO and Croat and Muslim forces.

As for Izetbegovic, I believe that we should particularly take into account—although I am not competent to give military advice or predictions—that Izetbegovic probably has in mind a breakthrough to Gorazde. After all, that could also be seen in their offensive on Trnovo, and the attack on the Herzegovina Corps.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bosnian Serb Assembly Ends; Statement Issued

LD1610184695 Belgrade SRNA in Serbo-Croatian 1713 GMT 16 Oct 95

[FBIS Translated Text] Banja Luka, 16 Oct (SRNA)—Following the three-day session of the Bosnian Serb People's Assembly in Banja Luka, a statement containing conclusions signed by Assembly speaker Momcilo Krajisnik has been issued. Here is the text of the statement, forwarded to SRNA:

At its 54th session held in Banja Luka on 14th, 15th, and 16th October, the Serb Republic's [RS] People's Assembly considered the current political and military situation in the RS following the temporary occupation of 12 municipalities with large territories in the western part of the republic, and a large-scale exodus of people from these municipalities. The assembly has concluded that the situation is exceptionally serious, but it must be overcome. The loss of a large swathe of territory and the population move are direct consequences of attacks launched by numerous and well-armed enemy forces, and of a direct engagement of the regular Croatian army, but also of a badly organized defense along certain parts of the defense line. With a view to the seriousness of the moment and the need to radically change the situation in this and other threatened RS areas, the assembly has made the following conclusions:

1. The People's Assembly has not endorsed a proposal to change the constitution in a summary procedure in order to give Banja Luka the status of capital and thus formulate the political significance of this city for the Serb Republic. The above conclusion has been made because of the specific political moment when our enemy wants to include Serb Sarajevo into the Muslim-Croat Federation. Even though Serb Sarajevo continues to be one of the RS strategic interests, Banja Luka is the largest cultural, economic, and academic center and the most important city. The People's Assembly demands that Krajina and Banja Luka be defended decisively with all available forces and means at the RS disposal.

2. In order to ensure the efficient RS defense, the People's Assembly demands that the supreme command be expanded and moved to the area currently most threatened and requiring defense most urgently.

3. The People's Assembly deputies demand from the republican president and the supreme commander to pay respect to and relinquish the services of the following four generals: General Milan Gvero, General Zdravko Tolimir, General Grujo Boric, General Djordje Djukic, as well as Lieutenant Colonel Milovan Milutinovic. It also demands that measures be undertaken against officers who were in charge of units that left the front in a disorganized manner, spread panic, fled the front, and left combat equipment and civilians unprotected. It demands that defense be organized urgently in the zone of responsibility of the 2d Krajina Corps in order to change the current situation, create conditions for defense, and recapture of the occupied territories.

4. The People's Assembly has concluded that Prime Minister Dusan Kozic has submitted his resignation to the post for principled reasons, which is his contribution to overcoming the situation in the western parts of the Serb Republic. Kozic will continue to discharge prime ministerial duties and ministers will remain in their posts until a new prime minister designate has been appointed. Deputies to the People's Assembly have expressed their gratitude to Prime Minister Kozic and government ministers for having made a great contribution to the functioning and defense of the Serb Republic.

5. The international community, Muslim and Croat sides in Bosnia-Herzegovina and Croatia are hereby urged to embrace and comply with the cease-fire agreement that has been signed, as otherwise the peace agreement will be deemed to have failed.

6. We address the Federal Republic of Yugoslavia and Serbian President Slobodan Milosevic, as the witness and guarantor of the cease-fire agreement that has been signed, to protect the Serb Republic and the Serb people in the Serb Republic from our enemies who are failing to comply with the agreement.

7. The international community is hereby warned that, following the air strikes, the Serb people can no longer trust in NATO as the guarantor of keeping and implementing peace in the former Bosnia-Herzegovina. The People's Assembly demands the setting up of multinational peace forces from the countries whose behavior in the crisis hitherto has been impartial toward all the warring sides. These forces must be given a mandate by the UN Security Council and must be under UN Security Council command. The Assembly believes that once a fair solution has been reached the deployment of a sizable peace force will be unnecessary.

8. The deployment of UN observers who will control the observance of the cease-fire agreement is permitted. Dr. Nikola Koljevic, the vice president of the Serb Republic and chairman of the State Committee for Liaison with the United Nations, has been tasked to look after the implementation of the above in cooperation with the Main Staff of the Serb Republic Army.

9. In order to ensure joint participation in the peace process and negotiations at the peace conference, secure the further defense of the Serb Republic, and provide accommodation for refugees, a top-level state delegation

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

should be sent to see Serbian President Slobodan Milosevic. The following will be included in the delegation: Dr. Radovan Karadzic, president of the republic; Vice Presidents Biljana Plavsic and Nikola Koljevic; Assembly Speaker Momcilo Krajisnik; Prime Minister Dusan Kozic; Defense Minister Milan Ninkovic, and people's deputies Dragan Curic, Stevan Medic, Nedeljko Rasula, Veljko Stupar, Rajko Kalabic, Dragan Milanovic, Slobodan Bijelic, and Vojin Bucalo. Should a need arise to include someone else in the delegation, President Karadzic has been authorized to make a decision to that effect. After the above-mentioned visit the delegation is to brief the People's Assembly about results of the talks.

Karadzic Forced To Abandon Planned Belgrade Talks

LD1710140995 Belgrade SRNA in Serbo-Croatian 1316 GMT 17 Oct 95

[FBIS Translated Text] Banja Luka, 17 Oct (SRNA-BETA)—A delegation of the Bosnian Serb Republic which was due to arrive in Belgrade today for a meeting with the Serbian and Yugoslav leadership, abandoned their plans this morning.

The delegation will not visit Belgrade because Serbian President Milosevic is allegedly not willing to receive it.

The top-level delegation, headed by Radovan Karadzic, was set to ask Milosevic and the Serbian and Yugoslav leadership for their support to stop the latest Croat-Muslim offensive.

The decision to send the delegation to Belgrade was adopted yesterday at a Banja Luka session of the People's Assembly of the Serb Republic.

This is the second incident in the past seven days in which the Belgrade authorities responded negatively to the Serb Republic leadership's attempt to meet them.

Last week, Bosnian Serb acting prime minister Dusan Kozic visited Belgrade, but was not received by any Serbian official. He was practically ordered to leave the Federal Republic of Yugoslavia, BETA learned from sources close to the Belgrade authorities.

'Despair, Chaos' Said Reigning in Banja Luka

AU1710132795 Belgrade NASA BORBA in Serbo-Croatian 16 Oct 95 p 3

[Article by Dragoljub Petrovic: "No One Believes Politicians and Belgrade Any Longer"]

[FBIS Translated Text] Banja Luka—The residents of Banja Luka have increasingly been making plans for possible emigration since Predrag Radic, president of the War Presidency, announced on Friday [13 October] that the biggest town in the Serb Republic [RS] has found itself on the front line following the capture of Bocac by the Croats and fierce shelling of Agino Selo and Krmin. What is also noticeable is that the price of goods in some shops has drastically fallen. This is explained by the shop owners' wish to sell the goods just in case. The good spirit of the Banja Luka residents, who are joking at their own expense, permeates all these plans. It appears that they themselves do not believe what has befallen them. Many speak of the possibility of the town falling with visible fear, while at the same time they do not believe that this could happen.

Although controversial stories about Croat and Muslim forces attacks, on the one hand, and successful defense and advance by the RS Army, on the other, were coming from the fronts yesterday and the day before yesterday, one could say that in Banja Luka, which appears to be functioning quite normally, no one trusts radio stations, politicians, or Belgrade any longer.

The Center of Town Is Blocked

The RS Assembly's failure to hold a session the day before yesterday also caused a disturbance in the town. The center of Banja Luka was blocked from the early morning with strong police forces controlling accesses to the Culture Hall where the session was supposed to be held. We have learned from very reliable sources that snipers from the RS Ministry of Internal Affairs were positioned on the roofs of the surrounding buildings. The direction of traffic had been changed and everyone who wanted to enter the Bosna Hotel (situated across the Culture Hall) had to produce identification papers and be frisked.

On Saturday morning, there were rumors that a dispute had broken out between Karadzic and Mladic, as the commander of the General Staff of the RS Army did not turn up at the RS government session on Friday at which, as planned, he was supposed to present a report on the situation on the front. There were rumors that "heads would be rolling" at the assembly session because of the latest political situation. The majority of rumors were about a possible "rebellion" by a group of deputies from the Bosnian Krajina, especially those from the 11 municipalities that were captured by the Croats and Muslims in the past few months. This expectation in fact came true. The night before last, we saw in Banja Luka a delegation of the Serbian Radical Party led by Aleksandar Vucic. He told us that they came to examine the situation and to "unmask the State Security Service of Slobodan Milosevic and his agents

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

who came to work against the interests of the Serb people in the RS."

The regime of entering and leaving Banja Luka has been made stricter. The prevention of emigration from the town has been stepped up in particular. As we have seen ourselves, the frequent police checkpoints are manned by members of the Serbian police. A policeman from the RS Ministry of Internal Affairs told us the night before last that some officials from the State Security Service of the Serbian Ministry of Internal Affairs were also in Banja Luka, something we were, of course, not able to check out reliably.

Despair, Chaos, and High Politics

A question that needs to be answered, however, is what Koviljko Lovre, federal minister for agriculture, was doing in Banja Luka. We saw him in the hotel yesterday. Some sources claim that he is close to some political circles in Serbia and that this was the reason for his presence there, while other sources link his presence there to the fact that he originally comes from Glamoc.

The humanitarian situation is also catastrophic. The refugees from Sanski Most are scattered on the roads in the Prijedor, Omarska, and Banja Luka areas. Yesterday, we saw about 4,000 refugees from Sanski Most in the fields near the Omarska mine. They were already spending their sixth day in the open. All of them were more or less asking why Milosevic was not helping. Most of them wanted to know whether it was possible to go to Serbia. They were prevented from doing so by the local authorities. According to the official estimate, about 25,000 refugees from Sanski Most and Mrkonjic Grad have not been taken care of. We met them on the roads. They were desperate. They sleep on plastic sheeting on the grass or next to the roads. The situation concerning humanitarian aid is also extremely grave. There is very little food, even fewer medicines. There is hardly any blood for the wounded in the Banja Luka and Prijedor hospitals. The complicated situation in the Banja Luka region could perhaps be best described with three words: Despair, chaos, and high politics.

Drina Blockade Blamed for 'Unfavorable Position'

AU1610182195 Banja Luka Srpski Radio Network in Serbo-Croatian 1100 GMT 16 Oct 95

[FBIS Translated Text] Dr. Karadzic, president of the Serb Republic [Serb-held entity in Bosnia-Herzegovina], has stated that the beginning of the defense and the loss of the initiative on the part of the Serb army on the fronts in the former Bosnia-Herzegovina coincided with the introduction of the sanctions by the FRY on the Drina River on 4 August 1994.

In his introductory speech at the 54th session of the assembly of the Serb Republic, President Karadzic emphasized that the blockade on the Drina had put the Serb Republic into an unfavorable position.

The political disagreement between Pale anbd Belgrade concerning the Contact Group plan has led us into a position in which we are economically and militarily weaker, said President Karadzic, emphasizing that the government and the army had nevertheless been managing to maintain the balance against the local enemies, the Muslims [Bosnia-Herzegovina Army] and the Croats.

According to President Karadzic, this balance had been successfully maintained until the moment when some municipalities in the so-called upper Krajina started to fall into enemy hands: Kupres, Glamoc, and [Bosansko] Grahovo. Some of the reasons for the fall of part of the Krajina lie in the fact that some brigades abandoned their positions without a fight and the defense was consolidated only after the fall of Kljuc, Dr. Karadzic said.

Our aim was to retrieve the territory before the cease-fire came into effect, emphasized President Karadzic, adding that the Muslim side continued its aggression against the western part of the Serb Republic despite the signed cease-fire agreement.

Serbs Order Population Not To Flee Banja Luka

AU1310140995

[FBIS Editorial Report] Banja Luka Srpski Radio Network in Serbo-Croatian at 1800 GMT on 12 October carries in its regular 30-minute newscast several reports on the situation in the Serb-occupied parts of Bosnia-Herzegovina.

Predrag Radic, head of the Serb authorities in Banja Luka, urges citizens to "support the peace process," but says that "this is not our first cease-fire and we must be aware that this can backfire on us." He goes on to describe the situation in the town and says that "we estimate that, at the moment, there are about 60,000 refugees in Banja Luka" and warns the population that "if we do not do something, winter could bring more deaths, especially because, even if peace is restored, we must be very careful since we know what our enemy is like." He proceeds to criticize high increases in fuel prices, saying that "people are saying that the rising price of fuel is a symptom of panic" and promises to "fight against the black marketeers." Commenting on efforts of some people to leave town, Radic says that "only those who have fulfilled their military obligations and have the required permits, those with compulsory work orders, and those who are very ill may leave the town for the FRY."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Gojko Klickovic, the head of the "crisis committee for the reception and accommodation of refugees," comments on today's committee session and says that "we have agreed to accommodate refugees from the areas of Mrkonjic Grad and parts of Sanski Most on the left bank of the Vrbas River, i.e. in Prijedor, Banja Luka, Laktasi, [Bosanska] Gradiska, and [Bosanska] Dubica." He goes on to say that "since schools and daycare centers are closed, we will have no problems finding temporary accommodation for refugees," but that there are problems with the distribution of the basic necessities as "most refugees are still in convoys."

The studio announcer then describes the efforts of the "Knezevo [Skender Vakuf] war presidency," which is "in constant session" and says that "the houses damaged in recent shelling are being repaired" and "the inhabitants of Knezevo are slowly getting back to normal life, while all able-bodied people and available equipment are being used for defense purposes." Correspondent Vesna Dragic reports that "delivering the necessary medical supplies to refugee centers is so far the biggest problem on the ground. More than 30,000 refugees from the northwestern parts of the republic are currently being accommodated in reception centers in Omarska, Prijedor, Kozarac, Kozarusa, and elsewhere, and all the medical supplies are dwindling rapidly." Her report also says that "although a meeting today of local and international humanitarian organizations in Banja Luka concluded that the hygiene and epidemiological situation is satisfactory, it was emphasized that epidemics of enterocolitis, hepatitis, and typhus is possible, if a sufficient quantity of disinfectants is not delivered soon."

Commentary Views Western Interests in Bosnia

AU1610125695 Sarajevo DANI in Serbo-Croatian Sep 95 pp 14-15

[Commentary by Suad Hremovic: "Elephants and the Bosnian Grass"]

[FBIS Translated Text] An analyst in the United States said recently—we paraphrase his statement—that in Bosnia-Herzegovina and Croatia, the great powers are waging a trench war and that in all this, Bosnia itself, and even Croatia, are not important, so to say. Which is an opinion that reminds us of the old Chinese proverb that when elephants fight, it is the grass that suffers. Nevertheless, it seems that this view again draws on the old theory that the war in Bosnia-Herzegovina is no longer a local or regional one, but a world war. This theory was put forward a year and a half ago by Vitaliy Churkin, then President Yeltsin's special envoy to the negotiations on the Balkan crisis. Churkin stated then it was a world conflict, considering which powers were taking part in it.

On the Bosnian side, however, many who are familiar with the past and like to analyze it say that none of the Bosnian crises in the past 200 years have remained within regional or local boundaries, and it always assumed European dimensions, which at the time equaled world dimensions. They claim that the same applies to this war and crisis, which has been shaking Bosnia-Herzegovina for four years now.

A Step Toward Something

Such attitudes, no matter how provocative and interesting they are in their interpretation of current events, still do not fit in with the interpretations of those to whom the aforementioned opinion refers. The great powers, which is particularly interesting, are almost surprised at hearing such a thing, and their first answer is usually that Bosnia is not Kuwait, so it does not have oil, and its geostrategic position is not particularly important either. In other words, both in Paris and London, and less in Moscow, but therefore quite frequently in Washington, it is being persistently repeated that the great powers do not have any strategic interests in Bosnia-Herzegovina, so the aforementioned opinion of a US analyst is an exception, though not the only one, as we shall see.

In such circumstances there remains only one thing for Bosnians and Herzegovinians: to take note of what the great powers say in an official or unofficial form, and compare it with what they do on the ground. At this point a disproportion between words and deeds immediately stands out. Why are they coming here all the time without any intention of leaving, if Bosnia-Herzegovina is worthless as a geostrategic region?

Andrashi, one of the most famous Austro-Hungarian foreign ministers in the late 19th century, once stated his opinion of the Bosnian aspect of the great powers's policy. He said: "The interest of Vienna is twofold. First, it is about relations with other great powers, and with Russia in the first place. Would you like, gentlemen, to have Russian borders at the Sava River? No, you would not, that is for sure. Second, it is a matter of territory. Bosnia is important because it is always a step that leads to somewhere. Either to the Adriatic, or to the East."

Andrashi played a great role in Vienna's policy on the then Bosnia, and in the implementation of Vienna's policy on the Balkans in general. If we ignore this, and take a look at his statement only, stressing that he was a man very familiar with European affairs of that time, then we can mark the problem of Bosnia-Herzegovina's importance in the current policy of the great powers with two components. The first one is Bosnia as a geostrategic space, and the second is the space and attitude of the great powers, as much for itself as for among great powers itself.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Significance of Little Seas

In geostrategic terms, the position of Bosnia-Herzegovina can be viewed in a twofold way. To make it simpler, it could be reduced to the aspect of sea and that of continent. In world geostrategic analyses a theory has been known for a long time, that sea determines the destiny of a continent. This theory was established by the Americans as early as in the past century, at the time when first Britain, and then the United States, became great naval powers, with vast spheres of influence and interests. This theory, however, does not refer only to oceans or large seas, but also to little seas, such as, for instance, the Mediterranean.

The Mediterranean has always been important to at least one or two great world powers. It was Britain for a long time, after which came France. In the recent several decades U.S. and Soviet fleets competed there for supremacy, as well. What is more important is that the control over that sea at the same time made possible the dominant position in the zones of instability, which is the region of Near and Middle East in the first place. As is known, these trouble spots are gradually calming down, but that does not mean that the geostrategic significance of the Mediterranean would shrink or diminish. Trouble spots have moved to the Balkans and the Caucasus, and further away, toward central Asia. And for that reason the significance of the two smaller, borderline seas, namely the Adriatic and the Black Sea, has grown.

The basic question is who will have a major influence on the eastern Adriatic coast, and the western, southern, and eastern coast of the Black Sea, and to what extent. The relations with regard to these two seas will significantly characterize the entire power balance in the Mediterranean in general. Of course, it must be clear that to have influence in just a narrow coastal belt does not mean much. It is important to have the strategic hinterland secured, since only then can one be sure to control the coast itself, as well. It is enough to see the map of Bosnia-Herzegovina to be able to draw a conclusion that almost entire Bosnia, with its many river basins and valleys, represents a first class strategic hinterland for the eastern Adriatic coast. If one controls only a narrow coastal belt, without controlling its hinterland, then there is not much use of it, which also applies to those who control the hinterland without controlling the coastal belt!

Forces in a Clinch

From all this it is not hard to draw that the war in Bosnia-Herzegovina, among other things, have the aspect of a contest for influence over the Adriatic, and even wider over the Mediterranean. As for the continental aspect, several elements are important. First, more because of the configuration of terrain, rivers and their basins, the regions of Bosnia-Herzegovina and Croatia ought to be observed as a single geostrategic space, and less because of state borders. If one looks at this problem in such a way, neither is Bosnia-Herzegovina a geostrategic blind gut, nor is Croatia a defenseless geostrategic "crescent roll." Second, the control over Bosnia-Herzegovina and the aforementioned river basins that, in contrast to the time of Andrashi, are quite passable now, with adequate roads and railways, makes an impact on the relations with the deeper hinterland, that is, the Pannonian plain and regions of central Europe. Both of these regions can be isolated from the Adriatic, or more precisely, from the sea and all the south-north, or southeast-northwest routes.

Besides, all those rivers (the Una, Vrbas, Bosna, Drina) belong to the Black Sea basin, together with the Sava. The Danube, after the construction of the Rhine-Main channel, has become increasingly important, particularly for the central parts of the Middle-European plateau. If certain forces were to control the aforementioned river basins in Bosnia and Croatia, and in addition to have a significant control over the Danube, the balance of influences around the Black Sea would considerably change. Therefore, this shows that circumstances in Bosnia and Croatia influence events in the wider region of Caucasus and vice versa. This also clearly points to certain elements of the continental [as published] in the crisis in Bosnia-Herzegovina.

In addition to these aspects, as we have said, there are those bound up with relationships between the great powers, for political decisions and steps made by those powers are often motivated by the aforementioned geostrategic reasons. But not only by them. Take the examples of France and Britain. In the deployment of the French troops under UNPROFOR [U.N. Protection Forces] in this region the fact that France is a Mediterranean country, which it intends to stay, must have played a certain role. But there are other motives as well, such as: France's relations with other countries within the EU, its relationship with united Germany, which has become the greatest European power, and particularly in central Europe. Furthermore, moves made by Paris are considerably influenced by the fact that France has always supported the view that Europe ought to belong to Europeans, and that the United States should be barred from European affairs.

On the other hand, Britain has different intentions. It is afraid of Germany and its natural spreading of influence toward the European southeast. It is afraid of cooperation between Paris and Bonn, and is doing everything to disrupt the relationship. In addition, Britain

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

is playing the role of great power, and for that reason it is trying to act independently from the United States, and secure for itself a dominant role in "the Russian business," for London made an estimate long time ago that crises would move to the Russian space, and particularly toward central Asia, and, as was formulated by British geostrategists, that "new barbarism" would reign there, that is, wars would be waged there over the next 50 or 100 years!

Clash of the Great

Zbigniew Brzezinski has recently stated that America, precisely because of the events in Bosnia and Croatia, and its rather undefined policy, which lacks resolve, risks losing the status of the leading world power. Russia is well aware of what is happening among the great powers and in the region of the former Soviet Union, considering that it pays best to defend itself in the anteroom of the future big battles, which is the Balkans. At the same time Moscow is scoring two more points thereby: It is confirming that, despite all its deficiencies, it is still a great power that must be respected, and is making efforts to link up with Europe by its breakthrough in the Balkans. One can make the best deal when one holds strong cards in one's hands. Of course, all this is producing the so-called cumulative effect, which means that different actions taken by one power cause merely counterreactions of other powers, which produces a snowball effect, with causes that multiply and new political actions, drawing the world powers deeper and deeper into the crisis, while lifting the crisis itself on a much higher level.

That this is so is seen from the recent events, during and after the London conference. London and Paris are centers in which the current UN policy is designed, and it is completely in harmony with the policy that these two world centers are pursuing with regard Bosnia-Herzegovina and Croatia, that is, with regard to other rival powers. One of those policies is that NATO should be eliminated at any price, and that precisely the former Yugoslavia should be the issue on which this military organization would prove itself too weak and collapse. NATO is the basic and major instrument of the United States. The questions like whether the safe havens will be defended, whether solely Gorazde will be defended or no safe haven at all, whether there will be an intervention or not, whether it is being made possible for the Serbs by calculating obstructions through the policy of the United Nations to finally settle the crisis by military means—all these questions are reflected in the relationship between NATO and the European powers at the moment. This is a difficult trench war between the powers that are waging it, even though they unanimously maintain the opposite, because, seemingly, Bosnia is not strategically important for them. The operation Night Flight shows that it is possible to settle the Bosnian crisis only by complex international engagement.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Tudjman Fires Party Leader for 'Ethnic Cleansing'

LD1610190995 Belgrade TANJUG in English 1812 GMT 16 Oct 95

[By Nikola Stanojevic]

[FBIS Transcribed Text] Zagreb, Oct. 16 (TANJUG)—Pressured by the international public, faced with numerous evidence of continuing Croatian crimes against Serbs in Krajina, Croatian President Franjo Tudjman is forced to remove from power those most deserving for genocidal crimes against Serbs and the ethnic purity of Croatia.

Last weekend, at the third general meeting of the ruling party, the Croatian Democratic Union (HDZ), Tudjman expelled Tomislav Mercep from the inner party leadership.

Mercep's units last spring committed crimes and conducted the first ethnic cleansing of Serbs in the western Slavonija region. In spite of these crimes, Mercep proceeded to become a deputy in Croatian parliament and advisor with the Interior Ministry.

Tudjman explained that Mercep's name was no longer on the list of the union's inner leadership because he said he knew 'what benefits and what harms HDZ and free, independent, sovereign Croatia.'

Tudjman said he had had problems in the world, among other things, because of people such as Mercep. He said that the main sin of his Croatia 'to this day was the alleged continuation of Pavelic's NDH.'

The policy of the so-called Independent State of Croatia (NDH, 1941-1945), headed by Hitler's ally Ante Pavelic, was to expel one-third of the local Serbs, exterminate one-third, and convert one-third to Catholicism.

Serbs accounted for 12 percent of the population of Croatia before its secession from tihe former Yugoslav Federation, and there are hardly 2 percent left now.

The biggest ethnic cleansing of ancestral Serb lands in Croatia was conducted by that republic in early August, when it occupied most of the Republic of Serb Krajina, triggering an exodus of about 200,000 Serbs.

Former soldier of the World War II Croatian state Kazimir Sviben said at the party meeting in Zagreb that the sons and grandsons of Ustashi troops of Pavelic's state had completed what his generation had failed to do.

Eastern Slavonia, Srem-Baranja Situation Updated

Talks End Without Statement

AU1610173995 Paris AFP in English 1717 GMT 16 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 16 (AFP)—Four hours of talks between US, UN and rebel Serb negotiators broke up without a statement on any progress toward ending conflict over the last Serb-held section of Croatia, a UN official said.

US Ambassador to Croatia Peter Galbraith and UN mediator Thorvald Stoltenberg met rebel Serb leaders Monday [16 October] afternoon at Erdut, the base for UN troops in Eastern Slavonia, an area on the border with Serbia which is claimed by Zagreb but currently occupied by rebel Serbs.

UN and US officials refused immediate comment on the outcome of the talks after they broke up and left to return to the Croatian capital Zagreb.

UN spokesman Philip Arnold said earlier Monday that the United Nations was hoping that the talks would lead to full negotiations resuming "soon" between the leaders of the rebel Serbs and the Croatian government.

Croatia and rebel Serbs two weeks ago signed an outline agreement on the future of Eastern Slavonia, seized by the rebels in 1991 in fighting which saw the destruction of the town of Vukovar after a bitter four-month siege.

Under that accord, the area would be governed for an unspecified transitional period by a UN-appointed authority.

The first round of discussions after the accord was signed broke down over the choice of venue and talks have not so far resumed.

Eastern Slavonia overlooks the Danube river and backs onto Serbia. It is the last of three areas taken by the Serbs in 1991, the other two being taken back by Zagreb in lightning military offensives in May and August this year.

Croatian President Franjo Tudjman, whose Croatian Democratic Union (HDZ) party is expected to win legislative polis later this month on a tide of nationalist feeling, warned last week that he would order the Croatian army to restore Eastern Slavonia to Zagreb's control by force if it was not returned by negotiation.

"We shall soon try to liberate this corner of our homeland by peaceful means," he told a party convention. "If they (the rebel Serbs) accept the rights we are offering them, there will be peace. If they refuse, a new storm will break over them."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Serbia, which failed to come to the support of the Serbs in western Slavonia and the Krajina when the Croatians retook those areas earlier this year, has warned it will view any retaking of Eastern Slavonia as contrary to its interests.

Eastern Slavonia accounts for 4.5 percent of Croatian territory.

Croatian Troops Said Moving

LD1610175195 Belgrade TANJUG in English 1728 GMT 16 Oct 95

[FBIS Transcribed Text] Belgrade, Oct 16 (TANJUG)—U.N. representatives confirmed Monday that Croatia is amassing troops towards the Srem-Baranja region, the only part of the Republic of Serb Krajina (RSK) not occupied by Croatia.

U.N. spokeswoman for the Srem-Baranja Region ('Sector East') Kirsten Haupt said that Croatia moved on Sunday a motorized brigade with 22 armoured tanks from western Bosnia to a distance of 20 kilometres from the border of eastern Slavonia (the Srem-Baranja region), the ASSOCIATED PRESS agency reported.

Haupt added that U.N. observers saw on Saturday the pullout of at least 2,500 elite Croatian troops from the northern Bosnian border region, but was unable to specify their destination.

The command of the RSK army Slavonia-Baranja Corps announced on Monday that Croatia has in the past few days been intensively concentrating its units towards the Srem-Baranja region.

In an atmosphere like this, Co-Chairman of the International Conference on Former Yugoslavia Thorvald Stoltenberg and U.S. Ambassador to Croatia Peter Galbraith are due to arrive Monday in the Srem-Baranja region to spur on a resumption of the Serb-Croat dialogue, news agencies reported.

U.N. Zagreb spokesman Philip Arnold said that the two diplomats would meet in Erdut with representatives of the Srem-Baranja region. He said their meeting comes at the time when the U.N. believes that Serbs and Croats could 'soon' resume their negotiations on the fate of this region.

Krajina Serbs Claim Provocations

LD1610141095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1211 GMT 16 Oct 95

[FBIS Translated Text] Vukovar, 16 Oct (TANJUG)—The provocative actions of the Croatian Army against Serb positions in the Srem-Baranja region are increasingly frequent, the Command of the 11th Corps of the Serb army of Krajina in Vukovar announced today.

The statement specifies that yesterday and last night Croatian forces staged five provocations, mainly from infantry weapons and snipers. Four times they opened fire from Nustar toward Pacetin, Brsadin, and Topolik, and once from a farm near Osijek toward Tenja.

The Command of the 11th Corps sees the frequent fire from Nustar as proof that fresh military units have arrived in that Croatian village, and are trying to provoke a large-scale conflict.

This is why the 11th Corps' fighters and the population of the Srem-Baranja region have been warned to exercise extreme caution and to strictly implement combat security measures.

SSJ: Erdut Accord Not Final

AU1610181795 Banja Luka GLAS SRPSKI in Serbo-Croatian 12 Oct 95 p 2

[SRNA reports: "Erdut Agreement Is Not Final Solution"]

[FBIS Translated Text] Erdut, 11 Oct—Borislav Pelevic, president of the Party of Serbian Unity [SSJ], today stated that the Erdut agreement on the transitional period for the Srem-Baranja region "should not be seen as the final act."

Pelevic has expressed the hope that a "solution will be found in a diplomatic way and that this solution will benefit the Serb side," but if the fighting escalates in the areas, the "Army of Yugoslavia should react."

"We do not need peace without Baranja, Banja Luka, Kosmet, and Boka Kotorska, as such a peace would mean the defeat and humiliation of the Serb nation as a whole," Pelevic stressed.

Speaking about the status of the Serb volunteer guard, Pelevic said that this was a nonparty organization that operates within the 11th Slavonia-Baranja Corps and carries out the orders of the civilian authorities, that is, the Srem-Baranja authorities.

Voting Changes Criticized by U.S. Rights Group

AU1610191495 Paris AFP in English 1846 GMT 16 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 16 (AFP)—The Croatian government has cut minority Serbs' representation, given votes to a hardline pro-government diaspora and denied the opposition access to the media ahead of legislative elections late this month, a US democracy group said Monday [16 October].

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The congressionally-funded National Democratic Institute (NDI) said in a report released here that President Franjo Tudjman had forced changes to electoral law through parliament last month with "lack of discussion" to the advantage of his ruling Croatian Democratic Union.

The number of seats guaranteed to the Serb minority in the new parliament was slashed from 13 to three, in a move the five-strong NDI delegation concluded would "preclude their effective representation" in the new parliament.

More than 180,000 Serbs fled Croatia in August after the Croatian army retook the Krajina region from Serb rebels, and the Croatian government has been accused of seeking to keep them out, expropriating property in what has been described as "ethnic cleansing."

The new legislation gave the right to vote to Croatians living outside the country and set aside 12 seats for them in the 127-member parliament.

The disapora is seen as considerably more hardline than the Croatians living within the country and has played a large role in funding the governing party.

The group also attacked the government-held radio and television networks for their tight control on opposition party appearances. "These regulations represent a serious restriction on the freedom of expression of the various parties in the highly influential television campaign medium," the group said.

The polls, due on Sunday October 29, are the first since lightning invasions of Serb-held areas in Croatia earlier this year and expected to be won convincingly by Tudjman's party.

Bishops Urge Protection for Bosnian Catholics

AU1610140795 Paris AFP in English 1336 GMT 16 Oct 95

[FBIS Transcribed Text] Zagreb, Oct 16 (AFP)—Croatia's Roman Catholic Church Monday [16 October] urged the international community to protect Roman Catholics in the Serb-held Bosnian town of Banja Luka, and in Serbia and Montenegro, where they said Catholics face possible expulsion.

"In war zones, the non-Serb population has for the past four years been systematically exterminated, the churches and other religious centers as well as people's homes being destroyed," Croatia's bishops said in a statement.

The Catholic Church here held an independent line before the collapse of the old communist system and the breakup of Yugoslavia, and has remained largely independent since.

The bishops warned that Croats, a largely Roman Catholic population, could soon be driven from Serbia and Montenegro. "They live there in uncertainty," the statement said. Serbs are mainly Christian Orthodox.

The church leaders also said they were worried about Father Tomislav Matanovic, a priest in the Serb-held town of Prijedor east of the Bosnian Serb's largest town, Banja Luka, who they said was driven out of the area by the Serbs on September 19 and has disappeared.

There have been massive population movements through northern Bosnia in the past 10 weeks. Some 150,000 Serbs from Croatia fled the Krajina region in August and more than 20,000 Moslems and Croats have been expelled from their homes in Serb-held areas of Bosnia.

Thousands of Serbs in northwest Bosnia have recently fled a Bosnian government offensive.

About 7,000 Roman Catholic Croats remain in Banja Luka, along with one bishop, 10 priests, six Franciscans, three Trappist brothers, two lay workers and 11 nuns, the bishops said in their statement.

HDZ Hoping For Election Victory in Istria

LD1510164495 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 15 Oct 95

[FBIS Translated Excerpt] The third day of the Croatian Democratic Union [HDZ] convention opened in Zagreb today with a debate on the HDZ's current role and tasks and the nomination of candidates for the party's main bodies. We have Darko Herceg reporting for Croatian radio:

[Herceg] Following his reelection as the HDZ president by a large majority of votes from 1,900 deputies, in line with his statutory right, Dr. Franjo Tudjman today submitted the following nominations for new HDZ deputy chairmen: Gojko Susak, Dr. Mate Granic, Dr. Ivic Pasalic, Jadranka Kosor, and Dr. Franjo Greguric. [passage omitted]

The most attention and the strongest applause were reserved for Elio Martincic, who described as crucial the need for a HDZ victory in Istria in the coming elections.

[Begin Martincic recording] Ladies and gentlemen, our victory would mean the final showdown with the advocates of excessive autonomy [autonomastvo] in Istria; and not just with calls for excessive autonomy but also with the aspirations to take Istria out of Croatia and to join God knows who or what; does it want to be an

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

independent state, an island floating in the Adriatic, the Mediterranean, or the Atlantic Ocean and subsequently sink, or what is it that these people expect or want? It is sad, but I must say it without malice, without bias and hatred, about the former members of our party, that they acted on behalf and for the benefit of Croatia's enemies, especially the Italian irredentists, the Italian right wing, who have never given up their claims for the reintegration of Istria but have done everything to ensure that Istria falls in their hands, and to take advantage of the time when we were creating an independent and democratic Republic of Croatia and were at war. They nevertheless did not succeed, thanks to the HDZ and to the President of the Republic, Dr. Tudjman. [passage omitted] [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bulgarian MP's Sign Open Letter to Speaker Andov

AU1710082695 Skopje MIC in English 16 Oct 95

[FBIS Transcribed Text] MAKPRESS reports that some fifty Bulgarian parliamentarians signed an open letter to parliamentary speaker Stojan Andov on Friday [13 October], at the initiative of MPs from VMRO-SMD [Internal Macedonian Revolutionary Organization-Union of Macedonian Organizations], saying that the attempted assassination on President Kiro Gligorov is aimed at destabilizing Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] at a time when it is heading toward the final confirmation of its independence, through the recognition by Belgrade and Athens.

The letter reminds that Bulgaria has supported and is still supporting the independence, sovereignty and territorial integrity of Macedonia. "Only those who are dreaming about returning Macedonia to Yugoslavia, and those who would lose their hopes if Belgrade recognizes Macedonia have something to gain from an assasination."

Commentary Views Balance of Power After Bombing

AU1610220795 Skopje MIC in English 16 Oct 95

[FBIS Transcribed Text] The editorial writer of the weekly "Focus" Nikola Mladenov analyzes the situation in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and the balance between the political powers, following the attempted assassination on President Gligorov. Among the rest, the text says: "Is the citing of Gligorov's favorite motto ('Macedonia is everything we have') by Prime Minister Crvenkovski an expression of due respect toward the president, or is precisely Gligorov everything they have in the political battle against the opposition? Is all that immoderacy actually fear, in the event that they might be 'left alone?'" The answer to all these dilemmas will depend, to a great extent, on the outcome of the political confrontation surrounding the assassination attempt, which, it seems, has yet to start. The number of scars that will result from the mutual accusations will certainly not be without any bearing on the public opinion. The final outcome from the competition surrounding the responsibility for the asssination attempt will undoubtedly become apparent only at some future elections. Only then can it be claimed, without a doubt, whether the public believed in the responsibility of the opposition, or if it will point to the authorities as being guilty and incapable of taking care of the common citizen, since they are taking care of their "biggest investment" so negligently.

Until then, we can only hope that the "reins" will not be tightened any more, because of the danger of complete suffocation of the social organism. Namely, it is quite possible, under the pretence of creating some kind of order in the state, to actually create a dozen new frustrations among the people, and make them the subject of "security interests," instead of those who will come out of these precarious times, in a "mysterious" way, with thicker bank accounts, in order to be able to form the elite that will rule in the next hundred years. This kind of development will definitely help to reduce the danger of new street terror, but it will have an efficient effect in destroying even the smallest desire to view reality with a dose of criticism.

The right to disagree, to have a different opinion from the official one, will, no doubt, be left to those who will practice the same in a "constructive" way. The degree of constructiveness, on the other hand, will depend on the constructors of the new reality. Everything will smell a bit like "democracy within the socialist alliance..." In order to avoid such a danger, it is necessary, at first, for the president to return to his duties, and to call to account those who did not do everything in their power to reduce the risk from assassination to a minimum. And, certainly, to at least ask himself why there are suddenly so many people around him who want to scrape off a bit of his aureole of integrity, goodnaturedness, rationality...?

And finally, it's quite natural to raise the dilemma, is everything alright in a state, when so much depends on one man? The head-nodders usually "lose their head" when they lose the subject of their adoration...The experiences from a similar regime surely don't have to be pointed out to the man who witnessed and lived them from the very start to the bloody end.

Any solution that excludes Gligorov's return in the presidential cabinet and to his duties, even for three days, after which he would eventually withdraw, is creating numerous unknowns. Then, the space for speculations will be wide open. Only then will we see what the uncreated space for the articulation of the frail public means. Our southern neighbor has put Stojan Andov, Vasil Tupurkovski, Branko Crvenkovski, Ljubomir Frckovski, and Blagoja Handziski among the candidates. Seeing they are also counting on those who don't have a constitutional right to candidacy, this raises the dilemma whether we can take their concern about our future seriously. But, whichever way, in this newly-created situation, all combinations are in the game. Even the most impossible one: for Branko Crvenkovski and Ljubomir Frckovski to back Stojan Andov as their candidate. The ways of politics are unpredictable.....

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In return, Andov would not take any "reprisals" against the "top cop," because of the slip-ups in Gligorov's security, whereas the eventual assessment that they can put up a good fight in the presidential race only as a team, will force them to leave the settling of their old accounts for some other time. Everything depends on their judgment. And, who can guarantee, in the final run, that they will conclude that they don't have any chances against Tupurkovski, or any other candidate who, encouraged by the undoubted success of Ljubisha Georgievski (in view of the short campaign and minimal political experience) in the last elections, will try to take away the throne from the egoists in front of their nose!?

Such an assessment could have a considerably different plot. The first thing that would be done then, when viewed logically, is to strip the presidential post from power. The necessary number of votes will be easily achieved, when faced with the common uncertainty. The center will be transferred to the Assembly and the elections for filling up his places, seeing that the function of president of FYROM, regardless of the authority the president would enjoy, will be scaled down to the role of the English Queen. In view of this, quite naturally, there will be no need to organize general elections. It will be quite enough to reach an agreement in the Assembly.

The upcoming three years, in that case, will be used to add the final toward enterprises that have a "constructive" approach to the matters. Pending the constitutionally stripping of power of the president, by the Assembly, the debate will go on as to whether Mr. Gligorov can or can't carry out his duties. The opposition will make accusations that the group surrounding the president is manipulating him, while the authorities "as is proper," will contradict them with indignation toward those who don't have even an ounce of respect for the people who have indebted the nation. The telegrams with support will fill up half of the news programs in the public media, to make sure there's enough space left for the other crisis regions in the white world. In this whole mess, the only thing missing will be the eventual trial of the people behind the attempted assassination. Instead of reprimand, the police will become a new "guarantor of our peace and security," and its top people unjustly accused by those "whose power went to their mind."

The trial itself, of course, will be a spectacle of the highest rank. Then, probably, even CNN will come here with a whole dozen of world-renown reporters, who will be keeping us in the focus of the world public. The accused, normally, "will not recognize this court..." Then, it's known—memoirs and new evidence pointing to some other culprits, whereby the validity of the trial will be permanently questioned.

Of course, there's also the worst alternative—to really experience the burning of the fuse in these moments, before the series of assassinations which could truly threaten to destabilize his Macedonian region. Taking precisely that into account, it is high time to start a dialogue between the quarreling parties. If they really have no intentions of starting the history and future of these people all over again, precisely by taking over the state helm, it's high time for them to show that in practice. Otherwise, no one will be amnestied from the responsibility that we will collectively have to bear.

In the end, precisely this is the time when the nation is passing, or failing its graduation exam. Now, it is necessary to be wise in order to come out of the labyrinths that are literally "crying" for the "way out" that's called a firm hand. Macedonia has yet to take its exam of democratic development.

And, finally, this is the first serious attack on the determination to solve all problems in a democratic way. There shouldn't be any victors or defeated from this battle... However, there should be minimum tolerance and understanding for the arguments of the other side, which are not contradictory because they "hate the state." At least a part of the patience that was shown in relation to the "First die," should be built in the dialogue between all sides.

The investment is really big... We have yet to see the seriousness of the players.

Commentary States Gligorov Bombing Failed

AU1610190395 Skopje NOVA MAKEDONIJA in Macedonian 13 Oct 95 p 3

[Commentary by Zoran Petrov: "The Assassins Between Two Stools"]

[FBIS Translated Text] Concerning last week's assassination attempt against Kiro Gligorov, president of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], one point has to be cleared up first of all. It is that the first and the last word on those who carried it out, who organized it, and who ordered it, belongs to the police. Everything else remains a supposition. With reference to this crime, various theories are possible and endless assumptions can be made, but there must always be reservations about these because the professional background, experience, and, most of all, the basic facts are in the hands of the investigating bodies. It is they who have to consider and decide whether certain details of the case may or should be presented to the public or, in the interest of the investigation, hushed up. So, in the absence of the relevant information necessary for putting together a full picture

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the assassination attempt, it is logical that we hear unofficial versions of it. And this is exactly what is going on now. Nevertheless, all the theories in the mass media, more or less supported by official statements so far, exclusively concentrate on the technical, that is the organizational, aspects of the the act itself, while, probably accidentally, another aspect has been neglected. This is a reason for asking the question:

Was the Assassination Attempt Successful?

In the light of all the known elements of the attack on the head of the Macedonian state, its goal becomes more than obvious. It was to kill Kiro Gligorov. The goal was not to injure him, to scare him, or to try to remove him from office and from the political scene, but to liquidate him physically. The way the explosive was placed (with a strictly controlled strength, with the precise direction of the detonation, and particularly with the perfect timing of the activation), the way the car with the bomb was parked (on the busiest street on the route of the president's vehicle, just after a bend, where the slowest speed of a moving target is expected), there can be no doubt: Gligorov was supposed to die and that was the planned goal of the attempt.

If we believe that, within the whole concept of their precisely planned details, the assassins knew that the president would be sitting next to the driver, which was in violation of security protocol, and thus planned the device to explode at about two meters from him, then it is sure that the assassins did not expect Gligorov to survive. One does not have to be an explosives expert to conclude that, to judge from the destruction caused by the blast, our president was extremely lucky on 3 October. The latest medical bulletin speaks of an improvement in Kiro Gligorov's health condition, which supports the conclusion that the basic goal of the assassination attempt has not been achieved.

To judge whether an assassination attempt is successful, we must take into account some aspects of the so-called psychological effect on the public. Actually, every terrorist act of this type contains a message. The physical liquidation of a state leader (as it was in our case, with an explosion in the center of the capital), will certainly cause mass anxiety, fear, and a possible raising of political tensions, or even a complete political, economic, and security destabilization. Gligorov is not just the symbol of an affirmed and recognizable policy, but he first of all represents Macedonia. That is why the explosion on 3 October on Makedonija St. is an attack against the state itself, creating conditions for totally different developments. This is the effect of every political assassination attempt. However, if the target is not hit, or at least not sufficiently hit to achieve the planned aim, then a countereffect is created among the whole public. That is why we can freely say that the assassination attempt against the president of the state has been unsuccessful.

Unaccomplished Assignment

The rich world's terrorist experience has been seen examples of a counteraction: the so-called shutting of mouths. The best known example is the killer of the assassin of U.S. President Kennedy, a certain Jack Ruby, who was allegedly overwhelmed by his love of the President and took justice into his own hands and, under the noses of the police, killed Lee Harvey Oswald at close range. He did it in a typically Mafia way, by firing five bullets into his stomach at the closest range. A few months later, the fatally ill Ruby died in prison and thus the circle was closed. In addition, there are many examples of assassins coming to tragic ends if they fail to accomplish their assignment. The aim of this is twofold: punishment for failing to complete the assignment and the elimination of potential witnesses. Will anybody hold those responsible over the Skopje case once it has been decided that the attempt was unsuccessful?

In view of the very basic assumption that the professional preparation of the bombing of Gligorov (the assembly of the electronic remote detonator, its connection to a source of electricity, and so on) indicates a foreign hand, a large sum of money must have been paid for it. It is unreasonable to think that a professional would do this only out of ideological motives. The professional always asks for "cash" and it is a known fact that killing a president in the world costs a sum with multiple zeros of convertible currency. On the other hand, following this line of speculation, it is unthinkable that some "imported" assassins could have carried out the preparations independently of domestic assistance. Actually, indications of this are the following: A used car was bought, a garage was provided, a parking place for the car with the bomb was reserved by another vehicle, the target was followed, his arrival was communicated, and all this could certainly have only been done by people who know the Skopje traffic system well. It is more than probable that these people were also in it for the money.

Actually, one thing is sure: An assassination attempt against a head of a state with a prepared and well-timed explosive in a car cannot be the act of fanatics or the mentally disturbed. To do this, it is necessary to make a thorough analysis and maximum preparations. Of course, big money is needed, too. This is why such an assassination attempt is, first of all, an expensive investment. As for the future of the assassins, there

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

are three possible assumptions: First, a consolidation and an attempt to correct the failure might be carried out, that is, there will be another attempt, which is not very likely and is rather illogical to assume, since the security measures around President Gligorov will have been intensified. Second, a calming down, a removal of the traces, and an acceptance of failure until a better chance turns up (which creates a great psychological burden in view of the large investigating activities, which will surely go on for longer than two to three weeks). Third, the unsuccessful assassins and potential witnesses may be silenced. This is the reason for the theory (perhaps too bold on first sight) that before the final settling of accounts between the police and the criminals, a settling of accounts among the criminals themselves may occur. As a matter of fact, this is a serious likelihood if we know that the direct assassins are now between two stools: between the police and the whole roused population of the state on the one hand, and the financiers of the attempt, who will be asking who is responsible for the failed atttempt and whose feet will be burning because someone might "sell them out."

Discussions With Greece on Name To Continue

AU1710083595 Skopje MIC in English 16 Oct 95

[FBIS Transcribed Text] The Greek-Macedonian negotiations on the application of the Memorandum signed in Skopje last week are scheduled to resume in Athens tomorrow. All the competent ministries have formed working groups to work out details surrounding the transportation, telecommunications, bank transactions, etc. The authorities in Athens are giving a lot of attention to the economic cooperation, however, are consistently announcing negotiations in relation to the name, reportedly, towards the end of this month.

On this note, Minister Papoulias said: "The second round of negotiations over the name is starting. They will be hard, complicated and trying. Greece will sit down at the negotiating table will all its known stances."

Greece Lifts Embargo

AU1710083495 Skopje MIC in English 16 Oct 95

[FBIS Transcribed Text] Exactly at midnight between Friday [13 October] and Saturday, the Government in Athens lifted the economic embargo, imposed twenty months ago.

In the announcement by the Greek Government it is said: "Starting from midnight between Octob[illegible] and 14th 1995, the Greek Government, implementing article 8 of the mutual agreement which is coming into effect, will refrain from any kind of restrictions of movement of goods to and from FYROM [The Former Yugoslav Republic of Macedonia—FYROM]. The movement of goods will be in accordance with the conditions and practical measures agreed to by Greece and FYROM, as well as the customs and other regulations foreseen with the common market.

"As it is known, FYROM has already implemented article 7, item 2, from the mutual agreement on the changing of the flag, and the dequate decrees of the Accord, pertaining to the Constitution and propaganda. At the end, the Greek Government confirms that the counter measures introduced on February 16th 1994 against FYROM were completely legal, in terms of international law, and the EU regulations, as well as the Report by the Legal Advisor of the European Court."

Despite this Government decision, however, the border, according to some information from Athens, has not really been opened yet. The official attitude of Greece, as well as the reactions from the press, are generally that the lifting of the embargo presents a new page in the relations of both countries.

Border With Greece Opens

AU1710083395 Skopje MIC in English 16 Oct 95

[FBIS Transcribed Text] Yesterday, a day after the lifting of the embargo, around 50 Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] citizens crossed the Greek border. They identified themselves before the Greek customs officials with Macedonian passports, after which they were issued a Greek visa on a piece of white paper, at the cost of 33 DM [German marks].

The bumper stickers on the cars—MK—are covered with stickers with Cyrillic letters. The Greek customs officials are sticking rectangular stickers in Greek and English letters on the cars, saying that the "sign is invalid in Greece."

The Macedonian-Greek border will be crossed in this manner until the Greek customs officials and the other border services receive precise instructions and forms from the Government in Athens. The order police says these forms are expected to come some time during the day. It is still unclear how the documents for the trucks will be regulated. The drivers will be issued visas on pieces of paper.

There are also announcements about the unblocking of the oil transports for Macedonia. Announcements have come in from the Salonika port that there will be no problems with the transportation of the petrol and that the docks are open for the transport of petrol and other goods to and from Macedonia. Simultaneously, the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

transportation of the blocked petrol from the Mamidakis and Jet Oil warehouses can start at any time. However, there is no information as to the way in which the storage charges for the 20 month-long stay of the petrol in the warehouses will be handled, although there are announcements that an agreement has already been reached.

Yesterday, a large number of Greeks entered Macedonia. They are issued Macedonian visas on the very border, while the sticker with the visa was given to them on hand yesterday, instead of in the passport, at the cost of 33 DM. The visa is given out eciprocally. With time, it will be specified how the other documents will be issued.

The Greek customs officials are optimistic that soon, all the other problems surrounding the necessary documentation will be resolved. The Greek media have changed their policy toward acedonia and are now viewing the opening of the border good-naturedly, and heating up the atmosphere for normalization of the relations between the two countries.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Need To Adapt Maps to NATO Standards Noted

95EP0200A Warsaw ZOLNIERZ POLSKI in Polish Sep 95 No 9, pp 27-28

[Article by Wladyslaw Misiolek: "Menacing Maps: Should Our Military Rearm Itself Cartographically in Preparing for Future Membership in NATO?"]

[FBIS Translated Text] The maps used in the Polish military differ in their geodetic coordinates from those in the Western armies. Our maps have the "1942" coordinates which were mandatory in Warsaw Pact, whereas the WGS-84 (World Geodetic System-84), which also happens to be the world standard, is binding in NATO. The experience gained from such joint exercises as "Bridge of Cooperation 94" has shown that, although mutual understanding can be achieved when using maps with different geodetic coordinate systems, the process is cumbersome and does not promote an efficient execution of common objectives.

It would be difficult to expect the NATO armies to adapt their maps to ours, so it is we who must adapt ours. We also should do so because the WGS-84 is a world system, and this affords to us the occasion to adapt our entire cartography to world standards.

Aside from the problem of the geodetic coordinates our maps are products of high quality but somewhat obsolete technologically. To be sure, the time is past when every spring military geodesists would begin making field trips lasting into autumn in order to perform measurements. Suffice it to enter the Military Center for Geodesy and Remote Sensing in order to perceive that nowadays it is aerial and satellite photographs that provide the principal information of knowledge about terrain.

Another source of data on terrain, or rather of data on what has been created by nature and man on terrain, is the information received by the military topographic service from civilian institutions. Thus, e.g., the Main Office of Statistics provides information on population, city size, and administrative division of the country, among other things. The General Directorate of Roads provides any information on roads. The Railroads Directorate provides data on rail facilities and transportation. The building of a new bridge or demolition of an old one, changes in forest stands, the building of a gas pipeline or a water main, the conferral of municipal rights on a locality or the deprivation of these rights, the construction of new buildings—all this information is collected in a data bank and used to prepare new maps.

The topographic maps used in the military basically do not differ from the publicly available maps and are not classified documents.

The military uses chiefly maps on the 1:1,000,000 scale (strategic-operational level), 1:250,000 scale (operational level), and 1:50,000 scale (tactical level). It also uses otherwise scaled maps such as 1:25,000 and 1:10,000 (only for selected regions) and 1:500,000 (e.g., aerial map). A special category is that of the marine maps drawn by cartographers of the Hydrographic Directorate of the Navy.

Our maps, though drawn very meticulously, have been technologically lagging behind the world standards. Modern topography means chiefly computer technology and digital data processing.

At present two methods of cartographic production are used in the world. The first is using computers to obtain the final product in the form of a paper map (in this case the computer replaces the map draftsman or engraver). The second is the creation of numeric maps which are displayed on the monitor screen. Depending on the need, fragments of that map can be magnified or reduced in size, but what matters most is the possibility of engaging in a dialogue with such a map with the human operator asking questions and the map answering them. This is possible owing to the pertinent database and analyzer program. On the basis of the information accumulated in the database, the analyzer program solves a given problem and presents the solution on the monitor screen. If, e.g., a commander asks the map about the shortest path from Warsaw to Szczecin with a roadway at least 12 meters wide, the screen will show a sketch of such a path and the related data. The "intelligent" map will also display the optimal route for bypassing, say, a demolished bridge, specify the capacity of a given railroad station, select the segment of a highway that is suited for landing aircraft thereon, and specify the number of males fit for military service in a given township. The V-map, as this kind of map is called, is based on such a ramified numeric model of terrain that points with the best conditions for observation of the interior can be identified without having to dispatch reconnaissance details. As known, the quality of wireless communications depends greatly on the nature of terrain; with the aid of such a map it is possible to select the best site for a field radio station. (The system of dialog maps can also be broadly applied for civilian purposes and therefore should be a component part of the Spatial Information System whose formation has been for years advocated by Polish geographers, geodesists, and cartographers.)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Access to modern technologies for preparing digital maps has been opened to us by a cooperation agreement with the United States Defense Mapping Agency. Soon afterward the effects exceeded our boldest expectations. The computer maps prepared by our military cartographers won first place in the 1995 contest organized in Huntsville, United States. This success was scored in a competition with several dozen exhibitors of such maps from all over the world. The Polish maps were found superior to the cartographic works of the Western countries, Canada among others.

The biggest hit at that exposition was a Polish 1:1,000,000-scale V-map, the first stage in constructing a system of vector maps; the subsequent stages will be maps on the scale of 1:250,000 (work on them will be completed in 199... [illegible]), and 1:50,000 (to be completed in the years 2005-2010). A major element of that system will be a NATO-DIGEST relational database and a numeric terrain model.

The accomplishments of our topographers, who are integrating us with the topographic services of NATO armies, include the creation of the Military Basic Geodetic Network, which was indispensable to the transition from "1942" geodetic coordinates to WGS-84 (this project was accomplished in cooperation with the Institute of Geodesy and Geodetic Astronomy, Warsaw Polytechnic). Quite recently there used to exist as many as 137,000 points of topographic reference, whose maintenance absorbed considerable efforts and funds. Now there exist only 53 (the goal is 600). When in 1993 two independent measurements of the network of these points were performed, one by our topographers and the other by Defense Mapping Agency experts, the findings proved to be identical.

A great deal has been accomplished within a relatively short period of time, but still something remains to be done before the topographic service of the Polish Army can fully cope with all the requirements of NATO standards. Consider, e.g., the question of map legends: In NATO countries the legends are in a country's own language, in English, and in the language of a neighbor. In the case of Polish maps the Polish and English legends will be supplemented with German (for maps of western Poland), and Czech and Slovak (southern Poland) legends. As for maps of eastern Poland, no decision has yet been made, for that depends not only on cartographers.

Passports Required for Russians From Kaliningrad

WS1310140195 Warsaw ZYCIE WARSZAWY in Polish 13 Oct 95 p 2

[Article by "CEG, SZW": "A Passport Is Necessary"]

[FBIS Translated Text] The Polish Foreign Ministry passed a note to the Russian Embassy yesterday, in which it refused to acknowledge "Certificates for Return to the Russian Federation" as a document authorizing Russians from the Kaliningrad Oblast to cross the Polish border. Certificates were to be issued to Russians who lost their passports or never had any and wanted to transit our country.

The Ministry claims that, according to international principles, blank passports are issued by consulates abroad, and the Kaliningrad Oblast is part of the Russian Federation. It thus concluded that the only document allowing one to cross the border is a valid passport. Our Border Guards will treat the certificates on hitherto principles—that is, they will respect the certificates of Russians who are returning to Russia through Poland from third countries (Germany, for instance).

It is worth remembering that the Polish Consulate in Kaliningrad and the Border Guards had issued a positive opinion on the certificates. "The Border Guards issued a positive opinion because they had known the certificates earlier. The document is a blank passport customarily issued by the majority of countries to citizens who lose their documents abroad," Piotr Stachanczyk, director of the Consular Department at the Foreign Ministry, told ZYCIE WARSZAWY. "The Russians wanted their citizens traveling from the Kaliningrad Oblast to use the blank documents on the same rights as passports."

Security Office Head on Defense, Threats, Budget

WS1310153295 Warsaw POLSKA ZBROJNA in Polish 11 Oct 95 pp 1, 3

[Interview with Minister Henryk Goryszewski, head of the National Security Office, by Antoni Witkowski and Andrzej Medykowski; place and date not given: "A Sovereign Poland Is the Highest Value"]

[FBIS Translated Excerpt] [POLSKA ZBROJNA] Minister, for several years now you have been performing important functions in state structures that are largely responsible for our security. What threats do you see for the state and the citizens at present and in the future? Should the parliament and the state authorities devote more time to this issue?

[Goryszewski] The answer to that question is not easy for several reasons. As secretary of the National Defense Committee, I have to watch what I am saying because

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

nobody likes being pointed at as a source of threat. Potential allies also dislike any references to these issues in the belief that Polish phobias and national resentments take the upper hand in such cases. It is no secret that many Western politicians claim that, entering NATO, Poland will bring its anti-Russian feelings with it...

In answer to your question, however, I think that, at present, there is no external military threat to Poland. Neither is anyone displaying a will to violate our sovereignty by employing their Armed Forces or even considering a military assault. Yet some Russian generals did say that, if Poland is accepted into NATO, Russia will deploy its nuclear arms in the vicinity of our borders and aim them at Poland. This is in fact a threat of resorting to power.

I think that the disruption of political stability on neighboring territories may be very dangerous on the international scale. In particular, a lack of political stability resembling what we saw in the Balkans could have an impact on Poland. Whenever peace is disrupted in a neighboring state, the threatened country pays greater attention to defense and the synergism of security structures. This entails the necessity of allocating budgetary means or, in a wider sense, making a larger national effort. As a consequence, means for civilian needs are transferred to the military.

I also see other long-term threats, albeit not of a military nature. They are a result of the process of the deep cultural transformations the modern world is undergoing. Mass culture is developing on an international scale. Its appeal is due to its attractive offers. Its force and scope are determined by the force of the capital behind the media. A prominent example of that is the CNN network, watched worldwide. Huge institutions like this shape life-styles, and they may become much more important.

We should thus ask ourselves a fundamental question: What impact will this have for our national and state identity? The Polish elites must ask themselves this question sooner or later, especially because similar questions are beginning to arise in other countries, where attempts are being made at finding answers and counteracting negative phenomena.

[POLSKA ZBROJNA] The morale of the citizens is one of the key elements of the power of state defense. What do you consider the basic responsibilities of the citizens in terms of state security and defense? How should the elites and ordinary citizens fulfill them? Did the government in which you were deputy prime minister fulfill these responsibilities, and has the National Security Office been doing so?

[Goryszewski] In search of words that would not bear the trademark of a Catholic politician, I would like to speak of the necessity to bring up a civic society. I would like to see an educational system that would teach that the Polish nation is our highest value. [passage omitted]

The current political system is very unclear. The Small Constitution distributes power between the cabinet and the president, yet there are no laws regulating the overall powers of the president. This requires launching a legislative process: We can either try to establish a presidential system, which I personally consider more appropriate, or a parliament-cabinet system.

I am deeply convinced that the unexplicit provisions of the small constitution and the lack of legal regulations largely shaped the attitude of our political elites toward President Lech Walesa. Without admitting it, they tried to curb Walesa's power because he has a very strong character. This reminds me of the attitude of the political elites toward Marshall Jozef Pilsudski in the early 1920's.

[POLSKA ZBROJNA] Defense is costly—this is a fact everyone in Poland is aware of and agrees to take some of the burdens. The Sejm passed a law providing that 3 percent of the GNP is to be allocated for defense in 1997. Deputy Prime Minister Grzegorz Kolodko, however, said publicly that this is unrealistic. Who is wrong, the parliament members or the minister of finance?

[Goryszewski] We cannot say who is wrong. The parliament considered a speech delivered by [former Deputy Defense] Minister Jerzy Milewski, who suggested that the budget for the military sector and the Armed Forces either remain unchanged or be increased—in other words, that a budget of either survival or growth be adopted. The 3 percent of the GNP would provide for a budget giving a chance for development. The parliament passed the law after having heard Deputy Minister Milewski's speech. Deputy Prime Minister Kolodko, on the other hand, claims there is nowhere to get the money from. This is a major problem of the government's economic policy because it pertains not only to defining budget priorities but also to sources of revenue. I shall shortly carry out an analysis to establish whether these revenues grow faster than the GNP. I keep hearing from current Cabinet politicians that the gray zone is being liquidated, therefore the growth rate of budget revenues should be higher than the growth rate of the GNP.

Deputy Prime Minister Kolodko said that defense outlays will grow by 3 percent annually. At present, the figure is 2.5 percent of the GNP; next year it will approximate 2.57 percent. This growth is lower than the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

growth of the GNP, estimated at 6 percent. The share of the military budget in the GNP would decrease. These are my major reservations to the budget policy and the awareness of national defense issues. [passage omitted]

Election Campaign Interview With Kwasniewski

LD1610121495 Warsaw Polskie Radio First Program Network in Polish 0615 GMT 16 Oct 95

[Election campaign interview with Aleksander Kwasniewski, leader of the Polish Democratic Left Alliance (SLD), chairman of the Social Democracy of the Polish Republic (SDRP), and chairman of the National Assembly's Constitutional Commission, by correspondents Krzysztof Grzeszowski and Adam Kalinski; correspondents not individually identified—live or recorded]

[FBIS Translated Excerpt] [Correspondent] Aleksander Kwasniewski, 41 years old, economist and journalist, leader of the Democratic Left Alliance, chairman of the Social Democracy of the Polish Republic and chairman of the National Assembly's Constitutional Commission; married with one daughter.

[Second correspondent] The Public Opinion Research Center [CBOS] says that Aleksander Kwasniewski is regarded by respondents as an opponent of rapid privatization and decommunization; he also does not support drastic means of combatting crime, he would curtail unemployment rather than inflation, he shares the view that taxes should depend on the amount of earnings, and he inclines toward Poland's integration into NATO and the EU. He is seen as a firm supporter of the separation of church and state; the ideas of a protective state and of budget subsidies for agriculture are close to his heart. That is what those polled by CBOS think, and they are neither your supporters nor your opponents; that is simply how you are perceived by a section of the electorate. Do you agree with this description?

[Kwasniewski] Like all research of its kind, it is defective because many of the questions, I think, suggest the answer. I would accept the assessment on several points. On several others, those concerning primarily economic affairs—that is, agricultural subsidies or privatization—I think my position is not so stereotypical as in these responses.

[Correspondent] And what do you totally disagree with?

[Kwasniewski] I would have to read a list to you...

[Correspondent interrupts] For example, are you an opponent of decommunization?

[Kwasniewski] Yes, understood as a way... [Kwasniewski pauses] Special laws, special tribunals, and using that law for shortcuts, as I say, in order to settle historical accounts: I was and am opposed to this kind of decommunization. On the other hand, my answer is this: Decommunization will happen with the development of democracy. It has already occurred to an enormous extent. [passage omitted]

[Correspondent] Poll respondents think you do not support drastic means of combatting crime and would curtail unemployment rather than inflation. Is this a just assessment?

[Kwasniewski] Probably. As regards crime, I think that my position and the position of the political grouping I lead is clear. We support a determined fight against crime, not with slogans and saber rattling but with specific facts. These specific facts were, as soon as Jozef Oleksy took power, allocating financial resources for technical equipment for the police; the police laws whose author was Jerzy Dziewulski and that have come into force and are to give the police more powers to fight organized crime. I think we can expect amendments to the penal code and the code of penal procedure, also very important elements of change and a more effective fight against crime. I support the streamlining of the judiciary, higher salaries for judges...

[Correspondent interrupts] Who are rapidly getting poorer, according to [Justice Minister] Jerzy Jaskiernia.

[Kwasniewski] Yes, and I think we have to help Minister Jaskiernia here because there will indeed not be an independent judiciary if it is not financed appropriately, organized appropriately, and if the judges do not get paid appropriately because this is also an element of their independence. Material guarantees are important so that they are removed from all kinds of temptation. [passage omitted]

[Correspondent] Did you vote on the tax amendment law in the Sejm?

[Kwasniewski] Yes, I did.

[Correspondent] May one ask how?

[Kwasniewski] I supported the six-band scale and lower taxes on the lowest incomes, and I am convinced that this is the right decision, first because it cuts the lowest taxes. Let us remember that poverty bands are important in Poland and have to be narrowed. [passage omitted]

Gentlemen, social calm in a market economy also has its price. I think that if we do not want to cause social tension, a revolt by a significant part of society, we have to remember about that poverty and try to resolve it. Lowering taxes is the most natural way. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Social policy that is calculated to curtail poverty bands is the right policy in Poland in 1995.

[Correspondent] But does the SLD set more store by social calm or by economic growth?

[Kwasniewski] Both. This is a false dilemma, gentlemen.

[Correspondent] How can they be reconciled?

[Kwasniewski] By finding a compromise. This compromise today looks like the six-band tax scale. But, in my opinion, if we do not succeed in maintaining economic growth, we will have social tension because we will not resolve any social problem; but if we fail to notice that social tensions are growing, this may be a threat to economic growth. So what we have been proposing since 1993 and what I call a social democratic approach to the economy and social policy is a compromise between economic growth, which has to be maintained—that is our duty—and the resolution of social problems, which if they accumulate and are not resolved may threaten with incalculable effects. [passage omitted]

I think there is much to do, and I would begin with the constitution, which should be, so to speak, the pillar of all other laws, and it undoubtedly must be stabilized, although let us remember that, in the period of transformation, we will still have to deal with behavior that demands a reaction and therefore the need for a flexible approach to some matters—although there should be fewer and fewer of them. I think that the stability of the law, the level of its stability, should clearly increase.

[Correspondent] As one of the favorites, what would you tell those people who are afraid of a second Polish People's Republic [PRL] if you win, and what would you say to those who hope that your victory will mean the return of some elements of that PRL to our reality?

[Kwasniewski] I tell you this, I have had more than 110 meetings [with the electorate] in Poland, and really, I do not foresee any return to the PRL, nor do I see any such expectation. I do not think we appreciate the awareness of Polish society, the clear increase of maturity in the way of thinking of these people. These people know well that what was will not return, cannot return; and talking about the PRL today is, in my opinion, slightly, to use a cliche, a stereotype that is supposed to frighten somebody and warn against somebody, but incorrectly. There can be no PRL in Poland because we have a totally different system of government. If somebody talks about the domination of the authorities in the PRL, it means that a small group of people influenced politics, the economy, local government, television, radio, the newspapers, the banks, and the courts. If we talk about Poland today, we have an increasingly democratic country, and very many elements of a balance of power, of independence of the individual elements. Today we have an autonomous economy, which weathers even changes of government or changes of parliament. We have independent banks; we have independent local government, whose political lineup is often completely different from the lineup of the coalition in the government, for example. We have an independent television, independent newspapers, an independent judiciary. We have dozens of elements that are not subject to political influence. So today, PRL-style domination is happily—I say happily—impossible, and it will not happen. [passage omitted]

[Correspondent] Are you offended when you hear the description postcommunist?

[Kwasniewski] You know, I do not get offended much by anything any more because I am attacked from such differing sides, and often so indiscriminately that I have adopted a certain inner calm, which enables me not to be offended. Anyhow, I think it is not an apt comparison or statement. It is a stereotype, which is aimed at pushing us into that historical ghetto. But let us remember that there also was and is Poland after 1989, and we have done something since 1989. So, why does somebody's life have to be described by where he was up to 1989 and not what he did after that? [passage omitted]

[Correspondent] Does your slogan "Let's opt for the future" mean that for you the past is a closed chapter?

[Kwasniewski] No. I say clearly Let's opt for the future because a politician's job is to settle matters today and tomorrow. A politician who concerns himself with history should write books. I think one should remember the future; one should appreciate what has been done and particularly express respect for the people who worked so hard and honestly and absolutely reject what there can be no return to: a curtailment of democracy, of freedom of speech, a lifeless economy, lawbreaking, Poland's lack of sovereignty, imprisoning people for their political opinions. That is what has been deleted and to which there can be no return under any banner—right, left, or center.

[Correspondent] Today's guest on the "Signals of the Day" program was Mr. Aleksander Kwasniewski, candidate for president of the Republic of Poland.

Reorganization of Economic Ministries Explained

945P0172A Warsaw PRZEGLAD RZADOWY in Polish May 95 No 5, pp 115-117

[Report compiled by D.B., based on materials of the Government Press Office [BPRz]: "Changes in the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Administration of the Economy; General Principles of Reform of the Government's Economic Center"]

[FBIS Translated Text] *The reform of the central economic ministries is a major plank in the program of the Jozef Oleksy Administration. Politicians realize that the economic ministries should be so reorganized as not to disorganize the functioning of the government. The zero hour was designated for 1 January 1996.*

* * *

On 14 March 1995 the Ministerial Council adopted an executive order concerning the appointment of a special commissioner for reforming the central economic ministries.

On 16 March The Chairman of the Ministerial Council Jozef Oleksy signed the executive order of the Ministerial Council concerning the appointment of the aforesaid commissioner.

On 17 March the Chairman of the Ministerial Council signed the nomination of Marek Pol to the post of Commissioner of the Ministerial Council for Reforming the Central Economic Ministers, having the rank of secretary of state at the Office of the Ministerial Council.

On 20 March Commissioner, Secretary of State at the Office of the Ministerial Council, Marek Pol presented at his first press conference the goals of the reform and immediate intentions.

* * *

Legal Foundations

The need to reorganize the management of the economy has long been known. Attempts to restructure it, in the sense of dismantling certain ministries or changing the powers of their heads, have been made by successive governments. The first cabinet of the SLD-PSL (Democratic Left Alliance-Polish Peasant Party) governing coalition posed itself these objectives as priorities, which was reflected in the program documents. However, the decision to get the reform moving was taken only by the current prime minister and, as he emphasized, this will not be done "for show." The head of government spurred his ministers, "This reform must be done well and as soon as possible."

In mid-March the Ministerial Council appointed a commissioner for reforming the central economic ministries. It stipulated that by 30 May 1995 that commissioner should present agreed-upon drafts of the legal acts needed to bring about structural changes. In addition to this purely legislative work, the commissioner is to prepare a timetable of the work on the reform and coordinate its introduction. The commissioner's duties will also include keeping public opinion posted and convincing it of the need for the idea of the reform.

The financing of the restructuring of the most important institutions of the government economic administration will be attended to by the framers of next year's budget. The other heads of economic ministries and agencies are at present transmitting information on the organizational structure and laws governing the operation of their institutions. Henceforth the commissioner is to be consulted on all drafts of laws and other government documents formulated in the ministries and relevant to the organization of the government economic administration.

The commissioner, who has the rank of a secretary of state at the Office of the Ministerial Council, is subordinated to the chairman of the Ministerial Council and will present to the government periodic reports on his activities.

The Commissioner Comments on the Reform

"The paramount objective of the reform is to spend most effectively the part of public funds serving to maintain public administration that is spent on managing the economy," said Marek Pol at his first meeting with reporters. "The central economic ministries, meaning the group of the ministries which currently guide the Polish economy, was formed in the second half of the 1980's. This was followed by repeated changes that consisted chiefly in merging some ministries and dismantling others while at the same time transferring their functions. But as for the philosophy itself, it has not changed. It ensues that at present the Ministerial Council is the lowest level [as published] at which the government's economic policy is coordinated. As currently designed, the Council's Economic Committee is a purely advisory body.

"A major objective of the reform of the central economic ministries is bringing order into the supervision of Treasury property, a demand made by many political and economic groupings. At present the management of state property lies in the hands of at least several hundred agencies, of which a few dozen exercise full ownership powers on behalf of the State Treasury. The idea of establishing an institution termed (in general or literally) the State Treasury has existed since 1989, that is, since the formation of the Tadeusz Mazowiecki government. Another issue, which I mentioned above, is that of the coordination and operation of that part of the government which manages the economy. At present there exists a rather complicated system of linkages among the ten economic ministries. You can believe me that right now at least several score representatives

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of these ministries are attending meetings at which they reach so-called interministerial agreements. The purpose of such meetings is to arrive at, through successive compromises, such language of legal acts or particular programs as will be acceptable to the individual ministries, and in practice to the groups representing them.

"This concerns creating a kind of central ministry coordinating the process of the economic reform in the government. In other words, this concerns creating what we have until now been conventionally calling a Ministry of the Economy. In this way, medium- and long-range planning of the economic strategy would be localized by 'extracting' the related competences from many existing ministries. This would cause the dismantling of certain departments and partly also changes in the traditional nature of the operations of others. The ministries whose competences would be reduced as a result of the establishment of the Ministry of the Economy, or at any rate of an equivalent government agency coordinating economic processes, should include—such are the plans—the Ministry of Finance, which at present oversees, plans, and implements the budget policy, a policy unusually important to the state. At that ministry the annual goals, which are by their very nature linked to the [annual] budget, logically conflict with medium- and long-range goals. Hence the anticipated changes in that field will be intended to transfer certain powers of the minister of finance to the minister of the economy. In return the budgetary-fiscal powers of the minister of finance will be broadened, or at any rate strengthened. Then there is the domain of the economic infrastructure, which is particularly important to the state now that we have a market economy. The scope of activities of the ministries heretofore concerned with infrastructural problems, that is, of the Ministry of Communications and the Ministry of Transportation and Navigation, will be somewhat altered. Most likely, the infrastructural ministries will be merged. In any case the coming changes will result in tighter monitoring of the processes relating to the expansion of the nation's infrastructure. The structures of these agencies will be modernized.

"I am being most often asked which ministries will be dismantled. Most likely, they will be the ministries which have until now been dealing in a fragmented manner with economic issues, and which should be replaced with an operative Ministry of the Economy and Ministry of Finance. Two ministries constituting the core, as it were, of the future Ministry of the Economy are certain to be eliminated; they are the Ministry of Industry and Trade and the Central Planning Office. Everything indicates that the Ministry for Foreign Economic Cooperation also will have to go, with some of its functions being transferred to the Ministry of the Economy, while the other functions, those linked in particular to Poland's multilateral agreements with international economic organizations, should be transferred to a government agency responsible for coordinating activities with the European Union and other international economic organizations—a Ministry of Economic Integration is being mentioned. The current nature of the activities of the Ministry of Finance will change and its scope of activities will be restricted. Everything indicates that the Ministry for Land Use Management and Construction also will be eliminated. Of course, that is all that can be said on this subject at present; this is how the future is envisaged, on the basis of current thinking, but of a certainty the final decisions have not yet been taken.

"To the government of Prime Minister Jozef Oleksy, who had in his inaugural speech declared the willingness to adapt government structures to the market economy, the appointment of the government commissioner for reforming the central economic ministries is proof that the government is aware of the urgency of the related transformations. I [Marek Pol] have decided to accept this appointment for two reasons. On the one hand, I was persuaded to do so by the arguments referring to my experience and previously acquired qualifications, also while exercising the duties of the minister of industry and trade. But I was also prompted to do so by the comments that the central economic ministries should be reformed by someone who is not directly linked to any grouping of the governing coalition, so as not to cause unnecessary tensions within the coalition. To me this is a mission limited in time and sometimes also a kind of commission contract. Another reason why I decided to do this job is because the Ministerial Council accepted my proposal that the basic structural changes in the central economic ministries commence on 1 January 1996. This means that the basic decisions must be taken within the next few months so that the 1996 budget can be correspondingly tailored in advance. It seems to me that the date of 1 January 1996 is the sole reasonable date for restructuring of this kind; its acceptance does not necessitate amending the budget law—something that admittedly no government likes or wants to do."

[Box, p 116]

Marek Pol was born on 8 December 1953 in Slupsk. In 1977 he was graduated from the Poznan Polytechnic and two years later from the Poznan Academy of Economics. He is the coauthor of the study "Poland at a Crossroads" in the part dealing with the crisis of public finance and ways of overcoming it. Between 1977 and 1993 he worked at the Factory of Farm Vehicles in Poznan. In the government of Waldemar Pawlak he was

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the minister of industry and trade. Deputy to the 10th, 1st, and 2nd terms of Sejm. Among his other offices he was vice chairman of the Sejm Privatization Committee and worked in the Sejm Economic Policy, Budget, and Finance Committee.

[Box, p 117]

Ministerial Council's Commissioner for Reforming the Central Economic Ministries, Secretary of State at the Office of the Ministerial Council, Marek Pol. Office of the Ministerial Council, Al. Ujazdowskie 1/3, 00-583, Warsaw Phone: 694-72-73

Effects of Law on Financial Restructuring Reviewed

95EP0173A Warsaw PRZEGLAD RZADOWY in Polish May 95 No 5, pp 118-120

[Opinion of the Privatization Council under the auspices of the Chairman of the Council of Ministers: "The Performance of the Law on Financial Restructuring of Enterprises and Banks"]

[FBIS Translated Text] At its regular meeting on 16 February 1995 the Privatization Council considered the effects of the Law of 3 February 1993 on the Financial Restructuring of Enterprises and Banks. The Council was interested in both the direct consequences of the application of that law (in the form of already initiated restructuring of so-called bad debts) and future consequences as regards the privatization of the banking sector and ownership changes at enterprises.

The Council based its recommendations on: testimony by one of the law's framers, currently a vice chairman of the Universal Credit Bank, Slawomir Sikora; a report on the performance of the law (presented by Prof. Leszek Pawlowicz of the Gdansk Banking Academy); materials prepared by a member of the Board of the Universal Credit Bank in Lodz; and testimonies by invited experts.

When evaluating the effectiveness of the law in question, it should be borne in mind that it was passed in a special situation and for a strictly limited period of time. According to statistics at the end of December 1992, the overdue credit and loans borrowed by the enterprises affected by the law in question totaled 40 trillion old zlotys and the difficult (i.e., irrecoverable and doubtful) loans accounted for more than 40 percent of the loan portfolios of the nine concerned commercial banks. This situation threatened a collapse of the financial system of the state and the bankruptcy of many debt-laden state enterprises. It was thus urgent to introduce extraordinary legal instruments that could facilitate debt relief for enterprises and improve the financial liquidity of banks. Such an instrument, precisely, was the law in question, as it made possible the restructuring of bad enterprise debts by means of bank composition agreement proceedings, public sale of creditor claims, and the acquisition of shares in one-person Treasury companies in return for claims on these companies. The special nature of these legal instruments consisted in that they somewhat restricted the rights of creditors compared with the rights ensuing from normal composition agreement proceedings (based on the Composition Agreements Law of 1934) and that they transferred many of the rights of the Treasury as a creditor to the banks engaging in bank composition agreement proceedings. The original seven commercial banks charged with handling such debt restructuring received in 1993 contributions of additional capital totaling 11 trillion zlotys—thanks to an issue of longterm restructuring bonds. Moreover, two more banks, the Bank of Food Industry and the PKO BP, which received contributions of additional capital totaling 20 trillion zlotys, were added to this group in 1994. The nine banks were required to isolate the portfolio of bad debts from their loan portfolio and to decide on how to restructure them within a year from the publication date of the law.

The immediate goals of the law were to: aid the enterprises which were in a bad financial situation but had a chance to perform well in a competitive market; eliminate inefficient and unpromising enterprises; and relieve bank loan portfolios of bad debts. An indirect goal was to facilitate the privatization of the banks, since after restructuring they could become attractive investments. After all, bank privatization is a major potential source of income to the state budget. The law was also to open an additional, decentralized path for privatizing enterprises by making possible the exchange of creditor claims for shares in these enterprises.

The Privatization Council assesses positively the effects of this law so far. In its opinion, this law was an exceptional measure compared with the solutions followed in those other countries which, while in transition from a command economy to a market economy, also were threatened by a rising flood of bad debts and payment arrears. These countries employ centralized debt-relief procedures which have largely proved ineffective. The decentralized solutions adopted in the corresponding law in Poland has made it possible to depoliticize this entire procedure and subject it to more objective economic criteria. Moreover, by making banks the principal executors of this law and requiring enterprises to submit a recovery program [in order to qualify for debt relief], the Polish solution is a greater spur to enterprises and banks to undertake genuine restructuring efforts instead of merely focusing on debt reduction.

Another advantage of the law having been introduced is the consent [of international financial organizations] to utilize for the redemption of restructuring bonds the monies they had contributed in 1989 to the stabilization fund on condition that the Polish banks be privatized. To this end the new bank privatization fund was established. This means that were the additional capital contributed to the banks to be limited to the originally fixed amount of 11 trillion old zlotys, this entire sum would be financed with foreign funds.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

When evaluating the effects so far (as of 15 February 1995) of the law in question, the scope of the restructuring projects undertaken on its basis should be considered first. Nine banks initiated recovery programs for more than 80 percent of their so-called bad borrowers. About 400 bank composition agreement proceedings were instituted, and 224 agreements (of which 200 validated) were concluded on their basis. The value of the claims covered by these agreements is 17 trillion old zlotys, and that covered by validated agreements, 10 trillion. In addition, the banks filed 399 bankruptcy claims totaling about 3 trillion zlotys. In only 28 cases shares were exchanged for claims, totaling 1.2 trillion old zlotys, as part of bank composition agreement proceedings. In no case was employed the special procedure for swapping claims for shares stipulated in Chapter IV of the law. Sales of creditor claims totaled 2,000 claims worth 3.2 trillion old zlotys, out of which 675 billion zlotys was recovered.

It is still too early to evaluate the results of the composition agreement proceedings. From the viewpoint of the enterprises, we cannot tell whether this law is successful or not until a majority of these proceedings can be completed. The situation of many enterprises remains difficult, because they lack investment funds and operating capital. The banks cannot always succeed in playing the role of the owner vis a vis the enterprises they are restructuring, and often they confine themselves to merely monitoring the enterprises' creditworthiness. Hence the ultimate effects the law are as yet uncertain, so far as a far-reaching restructuring of the enterprises is concerned. The Privatization Council believes that the best guarantee for such restructuring would be locating private investors for these enterprises.

But there also exist measurable positive effects of the law in question, and they concern the original seven banks, which have markedly improved the quality of their loan portfolios—by reducing their share of bad debts to about 15 percent (by the end of 1994). Moreover, they expect to reduce that share still further, to 7 or 8 percent—the level accepted by Western banks—within the next two years.

The Privatization Council believes that cleaning up the loan portfolios represents the aforesaid law's important benefit to the financial system in the economy, and moreover this is unlocking prospects for continued privatization of commercial banks. Other no less important effects of the law in question include institutional changes at banks, which have had within a short period of time to learn and absorb the procedures for handling bad debts and the rules of risk management. All the banks established special departments for the restructuring of bad loans and have thoroughly retrained the personnel of these departments. One of the banks employed an original—for Poland—solution by establishing a separate investment fund responsible for managing the swapped-for-debt shares in enterprises. All these activities contributed to the rise of an embryonic investment banking in our country. The original seven banks may be somewhat threatened by the addition to the program of two more banks in 1994 to which huge sums of additional capital were contributed but which did not participate in the previous stages of preparations and, for this reason, probably are relatively unprepared for restructuring processes.

Another important effect of the law has been the change in the behavior of the debt-laden enterprises, which were forced to exert considerable effort on preparing their recovery programs but, in exchange, became able to benefit from a substantial reduction in their debts when implementing these programs.

Yet another major effect of the law is that politicians have ceased to clamor for automatic debt relief for all enterprises as they became aware of the possible cost of such uneconomical measures.

In the Council's opinion, as far as failures in implementing the law are concerned, it has hardly been utilized it as an additional means of privatization. This happened owing to the insufficiently precise division of the related powers among the various agencies representing the State Treasury and owing to the differences in the manner in which these agencies interpret the desired extent of direct monitoring of the privatization process. The exchange of creditor claims for shares in enterprises presupposes triggering a spontaneous privatization process and markedly restricting the possibilities for government intervention. It was not possible to get certain government agencies, especially the Ministry of Labor and Social Welfare, to accept this approach to privatization. This has caused delays in the privatization of the enterprises whose financial situation is more difficult as well as narrowed the extent of the direct debt relief of these enterprises. For this reason, creditor claims could be swapped for shares in only 28 cases, and full privatization—meaning that a strategic investor who bought shares was found—occurred in only 10 cases. In the Council's opinion, this largely unutilized approach to privatization, i.e., the conversion of creditor claims to shares, should be promoted to a greater extent.

It was not possible either to develop a secondary debt market as intended by the aforesaid law. The public offering of bank claims proved to be a relative failure, as it yielded only 675 billion old zlotys, but thanks to it a claims market has been established in Poland.

In the opinion of the Privatization Council many needed measures must be taken both in legislation and in the practical implementation of the law in order to execute it more effectively and in accordance with its starting premises. These measures include primarily eliminating the legal obstacles that result in conflicts among government agencies when implementing the law; this can be accomplished by clearly defining the powers and obligations of discrete agencies.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In addition the time limits for the dissolution of agreements between banks and enterprises in the event they fail to work should be expanded, as this would serve to reduce the banks' risks. The current three-year period forces banks to conclude agreements for only three years, which is not enough for implementing a far-reaching restructuring of enterprises. Inconsistencies in the tax system, which make certain prospects unlocked by the law unprofitable to the banks, should also be eliminated.

As regards the application of the law, efforts should be made to create a benign climate for its social acceptance and to gain the support of all the individuals and institutions involved in these processes. That depends on pursuing a suitable information and promotion policy with the object of attracting potential investors. Moreover, the possibility of introducing additional tax incentives for investors in order to at least partially offset their high risk should also be considered.

The solutions contained in this law were adapted to the existing crisis situation. The Council believes that extraordinary and interim regulations should apply only during the time needed to resolve this situation. Extending the effective time of these regulations may cause undesirable reactions and expectations from enterprises incurring new debts. At the same time, it appears desirable to consider revising bankruptcy and composition-agreement laws so that the experience gained while implementing the law on restructuring, which is of a more universal nature, could be utilized in the future.

State-Funded Commercial Agency Reaps Profit

95EP0161A Warsaw GAZETA BANKOWA in Polish 16 Jul 95 No 29, p 27

[Article by Slawomir Lipinski: "Surprising Profits: Industrial Development Agency SA Is an Exception Among Domestic Institutions of This Kind"]

[FBIS Translated Text] Industrial Development Agency SA was established in January 1991 as a, to be sure, commercial institution but one with exclusively government-funded operating capital and intended to fulfill a pro-state mission which could be defined, on simplifying somewhat, as the last resort for bankrupt state factories.

In other words, this agency was also to assist with government loans the state enterprises which could not get funds from, e.g., banks, since these viewed them as not just doubtful risks but total deadbeats.

Contrary to Logic

Four years later it has turned out that the banks, which were to focus only on selected creditworthy and less risky borrowers and projects, are now in hot water themselves. Many private banks have gone bankrupt, while the state banks had to be subsidized with many trillions of government bonds.

As for the Industrial Development Agency, which had been, at least during its first few years, forced to finance postsocialist bankrupt enterprises, it has not been granted any new funds from the state budget. Nevertheless its cumulative profits over the last four years have reached the same level as its equity capital contributed to it at the outset (800 billion old zlotys).

The "Miner" Instead of the Professor

During its first year of operations, the Agency's board members were changed like gloves by the ministers of state, which proved the truism that state institutions of this kind are generally sinecures for those who could not succeed on their own in the world of business and who can only squander the budgetary funds allotted to them and continually clamor for more money. When at the beginning of 1992 the Agency's chairman,that time a well-known professor and financier, was once again replaced, and Arkadiusz Krezel, previously an automation engineer at a black coal mine, became appointed to that post, this had looked like the final burial of chances for an authentically modern government agency. Yet the "miner" as he used at first to be derisively nicknamed, has remained the head of the Industrial Development Agency to this day, for three and one-half years already. He has survived several changes of government and nothing indicates that during that period he has made any of the mistakes of which his predecessors and the chairmen of other government agencies are accused by the NIK [Supreme Chamber of Audit] or sometimes even by the public prosecutor.

The Auditor's Signature

When commenting a year ago on the performance of his agency in 1993, Chairman Krezel declared that the current year would be more difficult, because the agency would have to write off hundreds of billions of old zlotys owed by companies against which bank composition agreement proceedings and settlement proceedings have been instituted. And indeed, last year alone the Agency was a party to 48 bank agreements and 14 court settlements for which it declared altogether about 2 trillion old zlotys in claims. Owing to this consideration, among others, last year it had to write off about 621 billion old zlotys in extraordinary losses.

In view of this it is simply incredible but true that even so the Industrial Development Agency once again earned a sizable profit (272.3 billion old zlotys), yet that must be so since the Agency's financial statement was signed by a credible auditor (KPMG Polska). To be sure, the auditor emphasized that the Agency's reserves should be higher by 166.7 billion old zlotys—to which its board of governors has not agreed—but even if that amount is deducted, the Agency's profits would still exceed 100 billion old zlotys.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Evolution

Industrial Development Agency SA has succeeded in surviving quite well thanks to the way it has been evolving in the last four years. During the initial period it was more often used as a lender in hopeless and politically perilous cases. Gradually, however, its view that spending for the sake of public tranquility is at best a temporary option began to prevail. Of course, the Agency participates in restructuring the most difficult cases, and it still continues to grant loans at lower rates than do banks to those who failed to get the banks' approval. In 1994 the Agency granted 35 loans totaling about 206 billion old zlotys, and the overall debt of enterprises to the Agency amounted to 1.171 trillion zlotys (with 310 loans still outstanding).

Gradually the Agency has been refocusing in other directions. It has been investing more extensively in safe (e.g., government) securities in order to derive income that would offset the money it has been losing on bankrupt enterprises. What matters more is that it has also been contributing more and more capital to enterprises. Last year it exchanged claims totaling about 100 billion old zlotys [for shares] in 11 debt-laden enterprises. In effect, by the end of 1994 the Industrial Development Agency became a shareholder in as many as 49 companies (of which 72 percent in industry and about 27 percent in financial institutions, including banks) whose nominal worth totaled nearly 1 trillion old zlotys.

Activities of such venture capital kind are best-liked by Chairman Krezel. He likes to repeat, "We want to fill at least partially the gap due to the absence of investment banking in Poland."

The Industrial Development Agency justly proceeds from the premise that it is incapable of curing bankrupt companies on its own, and hence it adopts the role of a passive investor. It contributes capital to companies, and thereby enhances their credibility, and it looks for strategic investors familiar with a given industry—it does not even shy away from foreign investors. A recent example is the Upper Silesian Porcelana [Porcelain] Factory, which had been vegetating for two years and was just about to shut its doors when the Agency came to its rescue by finding for it a partner; within three months afterward the factory resumed operations and after an additional five months Porcelana began to operate in the black.

At the same time, quite a few other projects of this kind are dropped in the assessment stage. Sometimes even the impression arises that the Agency approaches its mission too cautiously. That caution is confirmed by reading its financial statements. But such a caution, which enables the Agency to operate in the black, that is, to continue its mission without receiving more subsidies, is preferable to throwing billions away on curing doubtful cases and then attributing the resulting losses, which the state budget would have to defray, to the right to intervene in the name of just social purposes.

Performance of the Industrial Development Agency SA*

Revenues	1,830,701
Expenses	1,027,736
Operating profit	802,965
One-time profit	90,128
One-time losses	(620,768)
Gross profit	272,325
Net profit	266,844

Footnote: * Abridged financial statement for 1994, in billions of old zlotys.

Note: The auditor is of the opinion that the reserves, which exceeded 676 billion old zlotys toward the end of 1994, should have been higher by 166.7 billion zlotys.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Fuel Smuggling to FRY 'Practically Halted'

AU1610192895 Bucharest VOCEA ROMANIEI in Romanian 3 Oct 95 p 4

[Article by Victor Dinu and Dan Raveica: "All-Out Attack on the Smugglers!"]

[FBIS Translated Text] The embargo imposed since 1992 on former Yugoslavia [Federal Republic of Yugoslavia—FRY] came as an opportunity for many "who can fend for themselves" and who own boats in the area neighboring that country to carry out smuggling operations by transporting fuel over the border. This activity proved to be extremely profitable. In the beginning the fuel was carried there by private individuals from various counties in the country. At that time the merchandise used to come in plastic containers and was transported by personal vehicles.

Private Investors Discover the Taste of Fuel

As a consequence of this practice, within a short time there were many cases of cars and the plastic containers catching fire, causing considerable material losses and even claiming human lives. The Interior Ministry intervened immediately by taking measures to curb this phenomenon, which was considered a genuine danger. The results were as expected: The smuggling was suppressed and the number of fires fell. Under such circumstances, private investors began erecting and opening private petrol stations in the region. They were owned by private companies based in Caras-Severin or other counties (Sibiu, Timis, Dolj, Mehedinti, Olt, and others.) As a result of this, within a short time the number of fuel stations in this relatively small area exceeded 90. The large majority of these stations have the authorization of the specially empowered bodies and operate, from the legal point of view, on the basis of court decisions. So everything is correct and legal. However, the danger remained and law-breaking has become common.

From "Buy My Canister of Gas" to Selling the Contents of 10 Tankers

A large number of other illegal dealings may be noticed. For instance, the authorities found that at such gas stations they sell the fuel by filling customers' plastic containers (20- to 60-liter canisters.) In the immediate vicinity of such stations, as well as in the areas surrounding them they found tens of thousands of smaller or larger such containers. To put an end to these violations of the law, the Interior Ministry intensified its checking of operations. During one such raid, carried out by officers of the General Police Inspectorate, as well as policemen from 10 counties, they checked 41 such private filling stations in the localities of Berzeasca, Liubovca, Sichevita, Pescari, Moldova Noua, Maciesti, Pojejena, Radina, and Bolobreasca. On this occasion they found numerous irregularities. Apart from selling fuel in plastic containers, they were also found indulging in massive tax evasion by not registering the money that they made, by not keeping their books up-to-date, by using laborers without a contract, and so on.

"Cooperation" With NATO at Clisura Dunarii

The authorities have to encounter many difficulties in carrying out such checking operations. Lately in many localities in the Clisura Dunarii [Danube Straights] area, for instance, authorizations were given for the opening of VAKA-type mobile gas filling stations. These are imported from Germany and they have become available following the reduction of NATO troops. Such machines are equipped with gas pumps and they can move from one place to another, wherever the need is, especially to places other than those where checks are expected. This is why the police have begun to increase the number of personnel engaged in such operations to be able to cover the entire area.

The Honorable Courts Also Make Mistakes

A different aspect is that certain companies requested and were granted court decisions authorizing them to deliver fuel to the homes of their customers. But these customers then illegally take the merchandise over the Danube River.... Fires caused by the inappropriate handling of gas and diesel are breaking out one after another. The number of those who have died in such fires or who drowned has recently passed 30. All this made the Interior Ministry take an even more radical stance and take harsh measures to see that the laws are observed: They confiscated over 320 metric tons of fuel, as well as 455 boats, the ownership of which is yet to be established. The control bodies handed out over 900 fines amounting to over 10 million lei and evicted 600 people from the area who could not justify their presence there. They also took out 32 penal cases, the majority of which were for smuggling and tax evasion, and they placed 11 people under arrest.

May What You Say Be True, Colonel!

A few days ago Colonel Ioan Strein, the commander of the Caras-Severin County Police Inspectorate, stated that fuel smuggling in the Clisura Dunarii area has been practically halted. No more fuel is being smuggled to Yugoslavia, the commander of the Caras-Severin Police claimed. May what you say be true, Colonel! Despite their success, or perhaps rather because of it, the concerted actions of the police, border guards,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

gendarmerie, firemen, and financial police continues in the Clisura Dunarii area. Until when? Until they had completely eradicated the smuggling of oil products, they promised our correspondents. General George Ioan Danescu, the first deputy of the Interior Ministry, is himself the one who coordinates these large-scale operations. He also stated that he would remain on the spot for just as long as it takes.

Islamic 'Emissaries' at Work in Dobrogea Schools

AU1710095395 Bucharest EVENIMENTUL ZILEI in Romanian 10 Oct 95 p 3

[Article by Cristian Vultureanu: "Islamic Fundamentalists Are Creating Bases of Followers in Romania"]

[FBIS Translated Excerpt]

Terrorism Is Highly Appreciated by the "Pupils"

The density of the ethnic Turkish-Tatar minority is highest in Dobrogea. Under the rule of the Turkish empire, Turkish families settled on Dobrogea's soil, have been living here on good terms with the Romanians. The fact that the ethnic Turkish-Tatars preserved, as is normal, their language, traditions, and habits favored the setting up of a Tatar-language schooling system. Beginning with 1992 certain so-called religious emissaries, all of whom are Turkish citizens, appeared in the Muslim community here, who—with help from the Constanta-based Romanian Foundation for Islamic Services and National culture—managed to establish their own Turkish-language educational network.

Over 20 Turkish-Origin "Teachers" Tutor on the Basis of Textbooks With Extremist Fundamentalist Contents

Over 20 Turkish citizens, claiming to be Turkish language and Islamic religion teachers, managed to set up classes of pupils who are followers of that religion in many schools in various localities in Dobrogea. Currently such classes function in the following schools: Elementary School No. 1 in Cobadin, Elementary School No. 1 in Techirghiol, the Elementary School in Amzacea, Elementary School No. 2 in Topraisar, Elementary School No. 3 in Mangalia, and the Muslim Seminar in Medgidia. Teaching on the basis of a special education formula, the so-called teachers give instruction following a well-designed education program, conveying the concepts of fundamentalist Islam with extremist accents. Considering the way in which their textbooks are conceived and what they contain, these emissaries proved to be representatives of the sects called Suleymangi and Nurgiulari [both names as published]. These two sects justify the fundamentalist movement intended to establish a universal Islamic regime. In order to achieve their expansionist goals and make these two sects prevail, in these Turkish schools they advocate the use of violent methods against the authorities or other forces that do not share the ideas of the two aforementioned sects. [passage omitted]

Videocassettes Showing the Struggle of the Muslims in Chechnya and Bosnia

The Turkish teachers introduced classes in the "educational process" during which the school children, most of whom are under age, watch videos showing the armed resistance put up by Muslim groups in various parts of the world, filmed in Bosnia-Herzegoviona or various Caucasus countries, such as Chechnya. Furthermore, during their gym classes the pupils are initiated in various martial arts.

The more diligent pupils have been given scholarships so that they can study at similar schools in Turkey. After having graduated such "schools" many of the Turkish children behaved differently, having become fanatics who even refused to recognize and accept their own families.

The Fundamentalist Emissaries Distort the History of Dobrogea

Considering certain theses and ideas circulated by the publication ZAMAN, a publication that is illegal in Turkey, Islam's emissaries in Romania distort Dobrogea's historic past as an integrated part of Romania. They incite the ethnic Turkish-Tatars urging them to demand the rights and liberties they allegedly lost together with their properties.

Turkey's Consulate General in Constanta Confirms That the 20 Are Not Teachers

The first signal warning about the activity of the Turkish "teachers" in Dobrogea that was sent to the school inspectorates and the Constanta and Tulcea County Councils, came from the Turkish Consulate General in Constanta. The document issued by them cautions that the Turkish citizens with temporary residence permits in Romania, bearing the inscription "Turkish-language teacher," have nothing to do with that claimed profession. The same document warns that 20 persons acting as Turkish-language and Islamic religion teachers in Romanian schools declared themselves teachers as they do not have the training required by Turkish legislation and therefore cannot be acknowledged as teachers.

Furthermore, such forms of education in the Turkish language are juridically not covered in any way in Romanian, the sole education institution jointly agreed upon

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

by the Romanian and Turkish Governments being the Muslim Seminar in Medgidia, where the aforementioned publications, or others with similar contents, are rejected by the teachers.

PL '93 Head: Iliescu 'Lied' in IPU Speech

AU1610175695 Bucharest AZI in Romanian 11 Oct 95 p 3

[Article by A. Costa: "The Speech by the Nation's President Under the Sign of Disinformation"]

[FBIS Translated Text] In the opinion of Mr. Dinu Zamfirescu, the leader of the PL '93 [Liberal Party '93], the speech made by Mr. Ion Iliescu, the president of the country, at the Interparliamentary Union [IPU] conference held [between 9-13 October] in Bucharest, was intended to mislead the foreign participants in the conference regarding the social, political, and economic situation in Romania. Mr. Iliescu's assertion, according to which "currently freedom of opinion and democratic pluralism have been fully installed," does not have any real grounds, considering that at the initiative of the Vacaroiu cabinet, they began legal stipulations such as Articles 205 and 206 of the Penal Code [limiting the freedom of the press]. Furthermore, the Romanian legal bodies have become an appendix of the Vacaroiu government, added the PL '93 leader.

Another assertion made on the same occasion by Mr. Ion Iliescu, according to which "in Romania there is democracy based on legality, civic liberties, and human rights," cannot correspond to reality because Constantin Zgambau, the leader of students studying at the Arts Academy, for instance, is currently in jail as a political prisoner.

"Romania's Parliament has control prerogatives over the executive bodies"—this is yet another statement made by President Iliescu that is not fully in agreement with reality, as the current majority in Parliament endorses all the actions initiated by the Vacaroiu government. Mr. Zamfirescu also emphasized the fact that the assertion made by the president of the country, according to which "the targeted goal is the model of social market economy," is tantamount to copying the current economic model of China, a country which continues to be dominated by Marxist-Leninist dogma, as well as communist concepts.

The conclusion drawn by the PL '93 leader was that "once more the former [communist party] first secretary Ion Iliescu lied deliberately."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Federal

Yugoslav-French Scientific Cooperation Discussed

LD1310203295 Belgrade TANJUG in English 1942 GMT 13 Oct 95

[FBIS Transcribed Text] Belgrade, Oct. 13 (TANJUG)—Yugoslav Foreign Minister Milan Milutinovic discussed here Friday with a delegation of the French Foreign Ministry prospects for the development of educational, cultural and scientific-technical cooperation between the two countries.

The French delegation, headed by Director of the Foreign Ministry Office for International Educational-Cultural and Scientific-Technical Cooperation Serge Degallaix, was received also by Yugoslav Minister of Development, Science and Human Environment Janko Radulovic.

A government statement said it had been set out in the talk that Degallaix's visit was the first step towards the renewal of scientific-technical cooperation between the two countries and that its aim was to define the needs, interests, priorities and frameworks of future cooperation, with prospects for the signing of interstate agreements.

The statement said the two sides had assessed as positive the work of experts prior to the visit and agreed that representatives of French institutions visit Yugoslavia so that concrete forms of cooperation could be defined.

The French delegation was received by Serbia's Deputy Prime Minister and Minister of Science and Technology Slobodan Unkovic and Serbia's Minister of Culture Nada Popovic-Perisic, a republican government statement said.

The statement said the guests had underscored that the purpose of the visit was the renewal and diversifiation of the bilateral cooperation in the areas of science, culture, education and sports.

The guests presented their plan of cooperation in the respective areas and set out that the strengthening of ties between France and Yugoslavia was of special significance for the development of overall relations in Europe.

Degallaix was received also by Director of the Yugoslav Foreign Ministry Office for International Cultural, Educational and Sports Cooperation Vlastimir Stamenovic.

It was set out in the ensuing talk that studies of French and Serbian languages were one of the basic elements of a joint programme of educational-cultural cooperation.

Chinese Delegation Arrives in Belgrade

LD1610230595 Belgrade TANJUG in English 2259 GMT 16 Oct 95

[FBIS Transcribed Text] Belgrade, Oct. 16 (TANJUG)—Belgrade Mayor Nebojsa Covic Monday pointed out China's principled stand in resolving the problems on the territory of the former Yugoslavia and acknowledging historical interests of all peoples living there.

Covic said this in talks with a Beijing delegation headed by Wang Daming, a statement said.

The goal of the visit was to deepen traditional friendship and cooperation between Belgrade and Beijing and the two friendly countries.

Covic informed his guests with the problems of Belgrade under U.N. economic sanctions and the efforts that were being made to preserve the utilities and other vital systems of the city.

The Chinese delegation handed to Covic the letter from the Beijing mayor with an invitation to visit the Chinese capital.

Serbia

DS Leader Views Bosnia, Slavonia, War Crimes

AU1610213595 Berlin DIE TAGESZEITUNG in German 12 Oct 95 p 10

[Interview with Democratic Party (DS) leader Zoran Djindjic by Juergen Gottschlich in Belgrade; date not given: "Bosnia Is Hardly Able To Survive"]

[FBIS Translated Text] [Gottschlich] Mr. Djindjic, what chances do you give peace in Bosnia on the basis of the U.S. negotiation initiative?

[Djindjic] We consider the U.S. proposals a logical consequence of the Yugoslav crisis. They are acceptable to us. The tragedy about it is that there have been so many victims before this solution was found.

[Gottschlich] Do you believe that the draft constitution for Bosnia-Herzegovina is acceptable?

[Djindjic] No, the constitution is very unrealistic. It is trying to paste together what fell apart long ago. But for the moment, probably nothing else is possible. The state has not yet collapsed; nonetheless, it cannot be called a normal state. The current compromise is an interim solution, just as Tito's Yugoslavia was an interim solution.

[Gottschlich] What should be done for Bosnia to have a chance as a sovereign state?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Djindjic] A massive economic upswing would be the only prospect. If there are more jobs in Sarajevo or in Bosnia as a whole than in Serbia or Croatia, the Serbs will also be happy to take part. If Zagreb and Belgrade remain two magnets attracting the people, the constitution cannot prevent the disintegration of Bosnia, either.

[Gottschlich] On the basis of which map will the Muslim-Croat and the Serb territories be defined?

[Djindjic] Precisely on the basis of the territories that are now controlled by both sides.

[Gottschlich] What will happen with Sarajevo?

[Djindjic] This is still at issue in the negotiations. I think that Sarajevo will become an undivided city under international protection, but under Muslim control.

[Gottschlich] Would this result not have been possible earlier?

[Djindjic] Of course, as early as in 1990. The moment it became clear that the old Yugoslavia was disintegrating, it was also clear that Bosnia would disintegrate. The emotional causes of disintegration were the national movements. People believed they were seceding for national reasons. Nor could Bosnia expect the Bosnian Serbs and Bosnian Croats to consider themselves Bosnian citizens rather than members of the national movements that were emerging everywhere. With the recognition of Slovenia, it was clear that there would be a huge problem in Bosnia. The West did not realize this, which is why it is partly responsible for the war.

[Gottschlich] But a division would have meant that the Muslims, being the losers, would fall between the fronts of Croatia and Serbia.

[Djindjic] If the problem had been approached in a well planned way, there would have been a different option. To take the old Yugoslavia as a starting point and to say that if Slovenia secedes, we will have a problem in Bosnia. The minority problems in Croatia can be settled, but they cannot be settled in Bosnia where they must be solved in principle. If the Muslim issue cannot be solved, Slovenia's secession should not be admissible. Once we have found a solution for the Muslims, Slovenia may secede, but only then. That would have been a solution in the sense of a common European policy. Everyone knew that there would be a catastrophe in Bosnia.

[Gottschlich] Has the partial cease-fire in Bosnia made negotiations in eastern Slavonia easier?

[Djindjic] Yes, of course. Bosnia is the central problem. If the war is stopped in Bosnia, all the wars in this region will be ended.

[Gottschlich] Will eastern Slavonia remain Croatian, with strong minority rights for the Serbs?

[Djindjic] This is a clear defeat for Milosevic's policy. The Serbs cannot live there in the long term; they will be expelled. After the fall of Knin, Milosevic should have set the condition that the problem of the 200,000 expelled Krajina Serbs be solved within the framework of an overall solution, or we accept the expulsion, but in that case demand territorial compensation in Slavonia to settle the people there. If Croatia wants eastern Slavonia back, the 200,000 Serbs must be allowed to return.

[Gottschlich] Tudjman has granted the option of return.

[Djindjic] Tudjman says something different every day. In view of the way the few Serbs who have stayed in the Krajina are being bullied there now, no one will wish or be able to return. It is true that the Croats are speaking about return, but at the same time, they are shooting old people. Tudjman wants an ethnically clean Croatia. That is quite obvious.

[Gottschlich] In Belgrade, the Krajina Serbs are not very popular either.

[Djindjic] We do not have a state able and willing to take in these people. Milosevic and the criminals surrounding him do not care at all what will become of the refugees. The refugees are being resettled in Kosovo for purely ideological reasons. The Milosevic clique wants to get rid of these people from Belgrade and at the same time change the demographical situation in Kosovo. It is the same thing as in the past when Milosevic encouraged the Krajina Serbs to revolt: to demonstrate his strength and above all to annoy Tudjman. People were only an instrument of his policy. Now he is doing the same thing with the Krajina refugees. It is insane. The Krajina people cannot survive there.

[Gottschlich] Do you think that following a cease-fire the war crime trials should continue?

[Djindjic] Of course, but not in the same way as in The Hague. It is impudent that Izetbegovic should be received with all the honors and Tudjman should be mildly admonished for the crimes in the Krajina, whereas Karadzic and Mladic are accused of being war criminals. Equal rights for all. In addition, it must be made clear whether political or personal responsibility is at issue. Is the trial comparable to the Nuremberg trials, or should it be that those stand trial as war criminals who have personally killed? I doubt very much that Karadzic has personally killed anyone. If the armchair culprits are punished, which I would find good, instruments must be found to precisely define the guilt issue. If we look at the mass of the crimes committed, Karadzic, Tudjman, Izetbegovic, and Milosevic are all equally guilty.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Differences Seen Among DS Leaders on Bosnia

AU1610110095 Belgrade NASA BORBA in Serbo-Croatian 13 Oct 95 p 16

[Unattributed report: "Sharp Criticisms of the Democratic Party Leadership"]

[FBIS Translated Text] Belgrade—The BETA news agency has learned from reliable sources that several members of the Democratic Party [DS] have sharply criticized the party leadership for recently signing the declaration on the unification of all Serbian lands and for other failures. At last night's "tempestuous" session of the DS Legal Council, Zaharije Trnavcevic, Borivoje Kozmanovic, and Desimir Tosic, sharply protested against the signing of the declaration "after such a Serbian defeat." Ilija Djukic, former foreign minister, indirectly joined in the criticism. He spoke about the "extremely serious national position" in which the Serbs have found themselves.

The declaration on the unification of all Serbian lands, which was signed on 28 September by the DS, the Democratic Party of Serbia, and Congress Party of Serbia, and the Serbian Liberal Party, was only defended by Slobodan Gavrilovic, vice president of the party.

BETA's sources claim that the leadership was also criticized for "the party's three major fiascoes": the party's attempt to enter the Serbian government, cooperation with the Pale leadership during the period when it was categorically opposed to all attempts at ending the war, and for not mentioning autonomy in Vojvodina and Kosovo in its program. According to the four critics, this runs counter to European standards on human rights, to which the Federal Republic of Yugoslavia will have to adjust if it wants to become a member of the international community.

DS President Zoran Djindjic did not attend that part of the session of the Legal Council. He left immediately after his speech about elections, which, according to him, will take place soon.

Seselj: Milosevic Should Not Represent RS

AU1710094495 Belgrade NASA BORBA in Serbo-Croatian 16 Oct 95 p 4

[Report by FONET: "Request That Milosevic Be Stripped of Right To Represent the RS"]

[FBIS Translated Text] Belgrade—Vojislav Seselj, leader of the Serbian Radical Party, has proposed to Momcilo Krajisnik, chairman of the Serb Republic [RS] Assembly, to revoke the right of Serbian President Slobodan Milosevic to represent the Bosnian Serbs in the negotiating process. "We propose that you make decisions binding the state and political leadership of the Serb Republic to take a clearer view of and a sharper stand toward the policy of the Federal Republic of Yugoslavia and Serbia, which is betraying you," states Seselj's letter sent to Krajisnik prior to the RS Assembly session in Banja Luka. Seselj also proposed replacing the generals of the RS army who contributed to the catastrophic losses "simply because you do not have top commanders in the RS, but in another state, which is everything else but Serbian." "We demand that you arrest General Milan Gvero and other officers, members of the League of Communists-Movement for Yugoslavia, who, acting on the orders of Milosevic, have handed over the Serb land to the enemy," the letter of the Radicals' leader states. Seselj also proposed an end to the situation "in which the officers, with the exception of a few, receive regular salaries and war posting in the Federal Republic of Yugoslavia and not in the RS."

The letter appeals to assembly deputies to adopt decisions on the democratization of political and public life and bolster law and order in the RS. "This implies the arrest of all criminals, starting up election procedures, making media accessible to people with different views, and banning the work of a group led by Milorad Dodik, which serves as Milosevic's 'fifth column' in the RS," Seselj's letter states.

Suspended Serb-Croat Talks on Slavonia Viewed

AU1710134395 Belgrade BORBA in Serbo-Croatian 11 Oct 95 p 3

[Commentary by Stevan Zec: "They Have Found a Hair: Neutral Ground"]

[FBIS Translated Text] The negotiations between the Serbs in western Srem and Baranja and the Croatian authorities the day before yesterday in Zagreb have not been suspended, because they did not actually start at all. After the Erdut phase of adoption of basic principles that were set up as the rules of the game for both sides by U.S. Ambassador to Croatia Peter Galbraith and UN envoy Thorwald Stoltenberg, it was agreed that the negotiations should start at the U.S. Embassy in Zagreb. When the Serb delegation arrived, however, the Croatian side suddenly found the no-man's-land objectionable, insisting that it was possible to talk (and in no way to negotiate) only on sovereign Croatian soil, so for that purpose everything was already prepared at the Palas Hotel, that, just like the U.S. Embassy, overlooks Zrinjevac Park. However, when negotiators Milanovic, Hadzic, and Dokmanovic refused to change the place of talks and accept the invitation for a lunch and talk at the Palas, Hrvoje Sarinic, head of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Croatian delegation, rushed to announce that with Serbs there will be no more contacts or talks on a neutral ground, or on any other ground, but exclusively on Croatian ground.

Staged Interruption

The Croatian side appears as if it was looking for a hair to split, and it has finally found it: no-man's-land. That the maneuver of the Croats was calculated to cause suspension of the talks that never started is clearly shown by the staged street demonstrations by women members of the Bastion of Love, who rushed to gather in front of the U.S. Embassy as soon as the diplomatic mission collapsed. With booing and insults they saw off the Serbian delegation that only after a physical intervention by the security guards was able to pass from the U.S. Embassy's door to a UN bus.

The Croats again do not care for a peaceful settlement of the question of the Serbs' existence in a part of the territory of former AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] Croatia, so by explanations that the place of talks is quite important they actually show that they do not want to negotiate at all. As distinguished from the Knin leadership of the Krajina Serbs that did not want to discuss the diplomatic plan Z-4 (by the way, the Croats did not accept it either), the Serbs from the Srem-Baranja region really wanted to settle their existential question through negotiations and talks. Hoping that they would sell a pig in a poke to the world again (about the unwillingness of the Serbs to cooperate), the Croatian authorities were really in a hurry the day before yesterday to try to settle the last remaining Serbian question on the west bank of the Danube more through threats and verbal force, rather than through talks. There are many reasons for that hurry. One is of internal political nature, because the elections for the Assembly (29 October) have already been announced, so the ruling Croatian Democratic Community [HDZ] does not want to present itself to the voters and people with a peaceful policy (which the HDZ considers equal to complacency). The second reason is certainly the attitude of combined showing off and blackmail toward the international community, because on 30 October the mandate of UNPROFOR [UN Protection Force] expires, which Tudjman threatens not to extend for the Eastern Sector.

A Millstone of Responsibility

A day before the Zagreb diplomatic charade, in Osijek top army officers threatened publicly, vociferously, and openly that Croatia will reach the Danube by force, which certainly can be considered as part of the diplomatic package that was presented to the leadership of the Serbs in the Srem-Baranja region at Zrinjevac. Convinced that they would succeed in pressing a diplomatic and military approval out of their tutors, the Croats want to show to the world that the Serbs, allegedly, again refuse to talk, although it is the opposite case this time. Croats appear as if they do not know, and they are certainly forgetful of the fact that they are already carrying a rather heavy millstone of responsibility around their necks for mass atrocities against those few Serb civilians who did not want to flee their native soil and homes before the so-called Operation Storm. The political and military leaders of the NATO member counties (Germany and the United States in the first place) perhaps have not changed their opinions about Tudjman's use in the Balkans, but the broad Western public certainly has, because it is well acquainted with "heroic deeds" of Croatian soldiers who heroically massacred weak and solitary elderly men and women in deserted hamlets of the occupied Republic of Serbian Krajina.

If the lack of common sense continues to prevail in the presidential palace of Banski Dvori in Zagreb's Upper Town, and their officials really start believing that the question of Srem and Baranja is to be resolved by tanks, rather than by negotiations, then everything, and virtually everything, will be possible, because one should not forget the warning issued by Milan Milutinovic, foreign minister of the FRY about what could happen if Croatia decided to get to the Danube by military means.

Industrial Output on Target by Year-End

LD1710102595 Belgrade TANJUG in English 0937 GMT 17 Oct 95

[FBIS Transcribed Text] Belgrade, Oct 17 (TANJUG)—Oskar Fodor, the Serbian industry minister, said industrial output in the Yugoslav republic will, by the end of the year, attain the targetted seven to eight percent growth on last year's average output.

'Late in the year, industrial production as a rule doubles on the March and April figures, and we expect that, regardless of the crisis, 1995 will be no exception,' Fodor told TANJUG.

He said that industrial output was currently at a lower level than in 1989.

The growth recorded in September was one percent and if the trend continues, the annual targets will be reached, he added.

Fodor said that this was still far from the growth needed to finance the needs of the society as a whole.

These needs have drastically increased because Serbia now has about one million refugees and because we

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

have continued to send humanitarian aid to the Bosnian Serb republic, he explained.

He said that better times can be expected when the market opens, the anti-Yugoslav embargo is lifted and peace prevails.

'When the present 35 percent use of capacity rises to 50 to 60 percent we believe that industry, and the entire economy, will be able to operate without losses,' said Fodor.

Anything more than that would generate profit which could be used for development, he said expressing hope that such a level could be attained within a year from the lifting of the sanctions.

The United Nations Security Council introduced comprehensive and binding sanctions against the Federal Republic of Yugoslavia in May 1992 for its alleged involvement in the civil war in the former Yugoslav republic of Bosnia-Herzegovina.

Fuel Shortage Affects Belgrade Transportation

AU1710111395 Belgrade POLITIKA EKSPRES in Serbo-Croatian 13 Oct 95 p 6

[Article by S.T.: "Shorter Routes Beginning on Tuesday"]

[FBIS Translated Excerpt] Municipal transportation routes will be shortened after this weekend if the supply of fuel does not stabilize by Saturday [14 October] or Sunday. To what extent they will be shortened will depend on the ability of the GSP [City Transportation Enterprise] to buy additional amounts of fuel on the black market, and on the implementation of Jugopetrol's decision to reduce its already reduced quota for the Belgrade services from 80,000 to 50,000 liters [of which GSP would get about 40 metric tons], which would represent a 60 percent reduction of daily requirements. [passage omitted]

According to unofficial information, the situation in the nonstate market for fuel is alarming. At the time when imported fuel was available only on the Belgrade market, some 40 fuel trucks carrying between 25 and 30 metric tons were sold. Today, only two to three fuel trucks are delivered to the entire republic. There is great demand for this fuel, and the city is paying four or more dinars for one liter, which is a very high price for such a quantity. The same sources claim that major disturbances on the black market will last some time, at least until the end of next week. The biggest pessimists do not expect improvements in supplies until the end of the month.

Montenegro

Political Parties on Bosnia Cease-Fire Accord

AU1610202695

[FBIS Editorial Report] Podgorica POBJEDA on page 3 of its 7 October issue carries four reactions from Montenegrin political parties to the cease-fire in Bosnia-Herzegovina.

Milan Gajovic, member of the ruling Democratic Party of Socialists' Executive Committee said that "yesterday's cease-fire agreement, that is, a complete cessation of hostilities between he warring parties in Bosnia, which is due to go into force on 10 October, and its consistent implementation is a crucial step for the peace process in Bosnia." Gajovic went on to say that "the cease-fire reaffirms the conviction that it is the United States' principled stance that a peace agreement is to be reached in as short a period of time as possible, which will, among others things, secure equal treatment of the Serb Republic [Serb entity in Bosnia-Herzegovina] and the Muslim-Croatian federation [Bosnia-Herzegovina Federation], on both the quantity of territory that will be allotted to them and their constitutional and legal status; moreover, it will secure the alleviation of the consequences of the drastic and massive violation of human rights and liberties and the humanitarian catastrophe in Bosnia." Gajovic said that Russia's contribution, that is, that of President Yeltsin, was significant for the success of the agreement.

Zelidrag Nikicevic, spokesman of the People's Party, said that the cease-fire agreement was "certainly good news, even though it comes from afar, from the lawns of the White House, which is not a particularly peace-loving place. We shall await the president's optimism to be confirmed in Nevesinje, Doboj, and Banja Luka. There, things are seen more clearly than on Pentagon computers." Nikicevic also said that "there is a danger that the superpowers will insist on a return to the earlier situation, which led to the war. The constitutional organization of a country should be the result of the democratically expressed will of the people. Now, the model is being imposed by Washington with logistic support from NATO. Of course, this is violence rather than democracy."

The Social Democratic Party held a press conference at which its president, Ilija Vujosevic, said that the party supported the comprehensive peace process and opposed all nationalist policies. However, the party "doubts the general success of the announced peace plan if the international community fails to devote particular attention to the treatment of Montenegro's state position, that is, the true nature of the present Serb-Montenegrin

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

federation." He went on to say that "the international community needs to recognize all the former Yugoslav republics, which would result in full state sovereignty for the Republic of Montenegro."

The Liberal Alliance of Montenegro hailed the decision to call on all sides in the Bosnian conflict to suspend all combat operations. The Alliance believes that "the promise of open routes to Gorazde and Sarajevo, subsequent aid for Sarajevo, security and freedom of movement throughout the territory of Bosnia-Herzegovina, the return of people to their homes, that is, freedom of choice regarding the place and way of life are the conditions for breaking away from the policy of national exclusivity and certainly one of the most important conditions for the maintenance of Bosnia-Herzegovina as an integral state."

Bulatovic Urges Halt to Muslim-Croat Offensive

LD1610221095 Belgrade TANJUG in English 2157 GMT 16 Oct 95

[FBIS Transcribed Text] Belgrade, Oct. 16 (TANJUG)—Montenegrin President Momir Bulatovic Monday stated the conviction that the international community, in keeping with the assumed obligations and given guarantees, would stop the Muslim and Croatian sides in their violations of ceasefire in Bosnia.

This was a condition without which it was impossible to go to a peace conference, Bulatovic said in an interview to Belgrade's Politika TV station.

He said ceasefire was being violated at the Serb side's expense and that there were again long lines of refugees.

Despite a ceasefire, which came into force on Oct. 12, the Bosnian Muslim and Croat forces, joined by several tens of thousand of Croatia's regular army troops, continued the offensive against the Serbs in northwestern Bosnia mounted in September.

About 200,000 Serb civilians fled before the offensive, and the site of currently the fiercest fighting was precisely in the area of Banja Luka, where the majority of Serb refugees were accommodated.

Bulatovic assessed that the international community has on this occasion, too, demonstrated its policy of double standards because, as he pointed out, at the same time the arrival of gas for Sarajevo was being made an issue of no one even mentioned the humanitarian disaster in Banja Luka.

The Montenegrin president set out that peace was in the interest of the entire region and all the countries that came into being on the territory of the former Yugoslavia and it was in particular in the interest of the Serb people in the Bosnian Serb Republic.

Asked about the role of Serbian President Slobodan Milosevic in the peace process, Bulatovic replied that Milosevic was the most authoritative figure and the most competent negotiator.

He stated satisfaction with the fact that the U.S. has decided at this time to decisively contribute to peace and to finding a sensible compromise. This, he said, has strengthened the position of U.S. mediator Richard Holbrooke, who appears in the name of the world's most powerful country and the 'only force that (now) promotes rules of conduct.'

Responding to the question about the role of NATO, Bulatovic stated the hope that it would 'complete the period of searching,' because, he warned, it was very dangerous if NATO established 'something that resembles conquest and not rule of law.'

'I hope it would be possible for the Federal Republic of Yugoslavia to adopt a position towards this global military organization, which is currently one of the major instruments for the realization of the goals and principles of the United Nations,' noted Bulatovic.

Dispute With Belgrade Halts Mining in Pljevlja

AU1610184295 Belgrade NASA BORBA in Serbo-Croatian 13 Oct 95 p 16

[Report by J.P.: "Production in the Pljevlja Mine Has Stopped"]

[FBIS Translated Text] Belgrade—A dispute between Serbia and Montenegro over the division of oil derivatives from domestic sources has not stopped even after a month. A direct consequence of this is the halt of production in the Pljevlja mine. Although the Federal Government's energy committee has agreed that Montenegro should received 2,250 metric tons of liquid fuel from these sources in October, the delivery had still not started by yesterday.

The Pljevlja mine should have received 250 metric tons of diesel. Of this amount, 50 tons were supposed to be delivered urgently to keep production going as there is a great demand for coal. The Federal Government's "order" has not, however, been carried out as Dragan Kostic, minister of energy in the Serbian Government, and Milan Djakovic, director general of the Serbian Oil Industry, have left for Moscow without authorizing the oil delivery.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Merchant Fleet 'Near Halved' by Sanctions

LD1510141495 Belgrade TANJUG in English 1328 GMT 15 Oct 95

[FBIS Transcribed Text] Podgorica, Oct 15 (TANJUG)—Around 20 million dollars will be needed to restart Montenegro's ocean-going fleet, which is near halved by the sanctions, once this embargo is lifted, it has been assessed by the Ministry of Shipping and Transportation of this Yugoslav republic.

Montenegro, which had 40 ships of a total 1.05 million tons deadweight before the embargo was imposed, now has an almost halved fleet because the shipping trade members had been compelled to sell a number of vessels.

The 'Prekookenska Plovidba' company of Bar retains no more than eight of 17 ships, while the 'Jugooceanija' of Kotor at this moment has 15 vessels, having lost 'only' six ships during the sanctions.

The maintenance of the rest of the fleet, locked in ports across the world, is too costly, for the 'Jugooceanija' of Kotor pays even up to 500,000 dollars for a monthly demurrage alone.

The Montenegrin shipping companies are heavily hit also by the loss of technical personnel in addition to the loss of ships because the majority of seamen, driven by existential reasons, have turned to foreign ships.

The seamen of this Yugoslav republic, together with the shipyards at Bijela, on the eve of the sanctions had been bringing to Montenegro around 100 million dollars, or one-quarter of its annual foreign currency influx.

Navy Bans Maritime Activity on Coast

AU1610212995 Podgorica MONITOR in Serbo-Croatian 13 Oct 95 p 7

[Unattributed report: "Has the Navy Blocked the Montenegrin Coastal Region?"]

[FBIS Translated Text] The Yugoslav Army's Navy Hydrographic Institute has informed the public via Radio Herzeg-Novi that maritime traffic, fishing, and underwater activities have temporarily been banned in the waters along the Montenegrin coast from Cape Miriste to the Bojana River delta. It has been announced that the measure will be in force until 20 October, but no other details have been released. According to the MONTENA-FAKS agency, all efforts to obtain additional information from the Yugoslav Army's Naval Command have yielded no results.

Border Traffic Controls Lower Oil Imports

AU1710122095 Podgorica MONITOR in Serbo-Croatian 13 Oct 95 p 7

[Report by R.M.: "Import of Oil Decreased"]

[FBIS Translated Text] Recently, the control of passenger and goods traffic has been drastically tightened on all border crossings from Albanian into Montenegro and Serbia. The MONTENA-FAKS agency has learned that the number of international monitor teams has been significantly increased, which, in turn, has decreased the import of oil and derivatives which to a great extent reached Albanian from Greece and Italy en route for Montenegro.

Liquid fuel traffic has been suspended at the majority of official filling stations on the Montenegrin shores of Lake Skadar [Scutari]. The tanks of numerous fuel trucks are empty, waiting for a possible delivery of the priceless load. The price of oil and derivatives both froom Albania and in retail trade, particularly by street vendos, has skyrocketed. Namely, gasoline is sold in Albania for 1.80 to 2 German marks, while in the Montenegrin capital it is resold for six dinars per liter.

Foreign Firms Slowly Beginning To Invest

95BA0343C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 21 Aug 95 pp 24-26

[Article by Mijat Lakicevic: "Opening Up in the South"]

[FBIS Translated Text] *In spite of the sanctions, foreigners are slowly, slowly beginning to invest in Montenegrin enterprises; social ownership's days are numbered; this year's tourist season as a warning.*

The firm VG Biroelektronika in Bar recently signed a contract with the South Korean firm Goldstar for exclusive representation in Yugoslavia, with good prospects of having it extended soon to Macedonia [The Former Yugoslav Republic of Macedonia] and Albania. In response to a question about how he managed it, Vladimir Grgic, Biroelektronika's owner, answered "We are paying," but then explained that what lay behind this were recommendations by some local firms that had cooperated with the Koreans in other areas (chemistry), and even more so the recommendations by foreign firms with which Biroelektronika has already been doing business for years (Rank Xerox and others). Finally, Chong Lee, this company's president for southern Europe, visited Montenegro and ascertained everything for himself. The first consignment of goods, worth about 100,000 German marks [DM], should arrive in September. That is not all, however. In January-February 1996, according to Grgic, some small production should also begin in Bar, or more precisely, electronics assembly.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Foreigners Are Coming

One more enterprise in Bar has made a big deal with foreigners. Bar-Bilje has concluded a contract for joint investment in a footwear factory. To avoid confusion, we note that this firm, which earned millions of dollars by exporting medicinal plants, had a small shop, along with Cetinje's Kosut, for the production of the upper parts of shoes. The domestic partner in this arrangement is providing its old, naturally renovated and remodeled, commercial building, while the foreign partner is providing the equipment and raw materials. Virtually all the raw materials will thus be imported, and the goods will be mostly (about 80 percent) intended for the foreign market. The factory's capacity is 600 pairs of shoes a day (although the foreigner is planning on doubling it soon), and production should begin in September.

The biggest investment currently under way in this area should also be completed in September, but September 1996. It is a foreign investment, naturally. Prekookeanska Plovidba, Budvanska Rivijera, the Agency for Foreign Investments and Restructuring, Eurotrend Komerc from Belgrade, and one foreign company signed a contract on the construction (more precisely, completion of the construction, which began almost 10 years ago) of a marina in the port of Bar. The value of this deal is DM6 million, all of which the foreign partner is responsible for investing, partly through its Belgrade partner. What is perhaps particularly curious about this deal, however, is that the marina will virtually be a privately owned facility, because Prekookeanska Plovidba, the present nominal owner of the marina, will own 38 percent of it when it is finally finished, and the rest will be owned by the foreign partner. The management of the marina will also be structured in the same ratio.

In a short interview for EKONOMSKA POLITIKA, Rade Perovic, deputy prime minister of Montenegro, explained "why it is not important to us who will manage the marina." "We know what the financial capabilities of the Montenegrin economy are like and that we cannot finance it. Our goal is foreign investments. Let's look at what is done elsewhere in the world. Great Britain is selling its national institutions, in a manner of speaking, but we are constantly afraid of something, that we might be exploited and so forth. The foreigner cannot put that marina in his pocket and take it away. It will remain here forever. In this way we will have a significant facility, with 450 berths, and we will have a good basis for beginning the development of nautical tourism, which has been talked about for a long time now in Montenegro with virtually nothing concrete having been done."

"The Mediterranean itself is a big marina," Perovic continued his idea, "in which 15 million yachts are sailing. Our neighbors Italy and Greece are very close, and they are world powers in the nautical field; France and Spain are also not far off. Why not take advantage of that? Why not give them various privileges and in that way attract that (relatively) rich clientele, inclined to spend money?" "Finally," Perovic concluded, "why not give them our flag, or in other words, why not use tax and other benefits to attract them to become registered here, so that this would be their home port, instead of their just dropping in from time to time?"

This business about the flag is not just a fruit of the imagination of an old proponent of nautical tourism, but rather, like the whole story about the numerous ways to attract foreign capital, part of a broader project that Montenegro has been working on for several years now, called "Montenegro: Free Economic Zone." That project, which was initially called "Montenegro: Free Zone" for operational and marketing reasons and which, therefore, caused several controversies, is today being worked on and expanded through several subprojects, of which free economic zones are only one, followed by offshore business, concessions, tourist free zones, favorable terms for strategic projects, and, finally, but by no means least important, flags for free sailing.

Those who are more or less informed about the debates for several years on the adoption of the federal law on free zones are aware that Montenegro was the one that advocated much greater freedoms and rights for foreign and any other capital entering a free zone. When the law was finally passed, however, they did not shrink from loudly expressing their dissatisfaction with its restrictive nature. That law also provided that three areas—taxes, labor relations, and the use of land and buildings in the free zone—would be regulated at the republic level. The fact that the draft of that law had already been prepared by the Montenegrin Government speaks for itself, along with the expectation that it will be on the agenda of the very first Montenegrin Assembly sessions in September, and the fact that interested businessmen from Serbia quickly requested that text from their Montenegrin colleagues, so that they could encourage their own government to do something similar.

Self-Managing Stock Company

What is striking at first glance—that all three of the above-mentioned cases are associated with Bar—is accidental, or a consequence of the fact that all the interviews were conducted in this city, whose residents like to say that it is the southern gate to the Adriatic. That very visit, however, was not accidental, and was associated with the Port Cup international volley-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ball tournament. The fact that the organizers of this tournament were the Port of Bar and Sartid 1913 indicates that it did not just involve sports, but was also an event that represented a successful combination of sports and, which was more important to us, business contacts. While the evening time slots were reserved for athletic competitions, during the mornings meetings were held between businessmen, most of whom were sponsors of the athletic program, within the framework of which EKONOMSKA POLITIKA organized a seminar on "Investment in Sports—Promotion of Business." If we add to that the meeting held somewhat later in Budva on "Management in the Theater," it could be said that business and the commercial spirit in this region have fallen on unexpectedly fertile soil, and taken deeper root than could have been expected, in view of certain deeply rooted domestic habits, as well as foreign prejudices.

If all of the three above-mentioned cases in Bar are accidental, however, the fact that they involve both private and socialized and state firms or institutions is deliberate, or, rather, it is a reflection of an economic environment that could be described by the old Chinese reform slogan, "It is not important whether the cat is black or white; what is important that it catches mice." The Montenegrins, however, have gone beyond the need to wrap notorious economic truths in the above-mentioned euphemisms or similar ones. Accordingly, they have also renounced the desire to prove to the whole world that social ownership can be just as good as private ownership, and a socialized enterprise as efficient as a private one. Also, as Montenegrin Prime Minister Milo Djukanovic announced, at the end of this year there will be no more socialized enterprises in Montenegro. That does not mean that social property as a whole will be privatized, but it means that all property will have its own precisely defined nominal owner. Consequently, when this phase of privatization is complete, 40 percent of the property of socialized enterprises will be owned by their employees (10 percent on the basis of free distribution, and 30 percent through purchase on favorable terms); the remaining 60 percent will be in the hands of funds. The Pension-Disability Insurance Fund, the Employment Fund, and the Development Fund will each have 20 percent.

The Other Side of the Coin

Most analysts of Montenegrin economic and social reality, however, believe that in practice very little is gained by this transformation of ownership. Something actually is changed in the sphere of management—boards of directors function in accordance with different principles from workers' councils, but not even that can yield full effects, primarily because the newly established stockholders are very far from being true private owners. Consequently, in the transformed, former socialized and now stock enterprises, everything is still mostly functioning the old way, almost as when self-management was at its peak. Our interlocutors, reaching for another "local argument," ask how else one can explain the fact that the best supplied supermarket in Bar (where there really is "nothing that is not available") is privately owned, whereas the "islands" at the self service shops of large socialized, or newborn stock enterprises, are empty.

This and similar cases are cited in support of the theory that this year's unexpectedly poor tourist season would have been better if tourism had been in private hands. Tourism is naturally perceived in Montenegro as the chief economic and especially export sector. What happened to it this year, however, constitutes the other side of the coin of Montenegrin enterprise and capability.

The dramatic decline in the standard of living, in a way, is the main cause of the poor attendance at the Montenegrin coast this year. That decline, however, was not something that came as a complete surprise, and that nothing could have been known about; on the contrary, even Montenegrin "tourism workers" were able to adapt their prices a little to these circumstances. When they thought of doing it, half of the main season had already passed.

In the second place, this year even those who had the money did not come to the Montenegrin coast, and that is something that will have decisive influence in the coming years. If they did not have the money for Greece, or Spain, God forbid, then they stayed home. They would rather do that than experience last year's "mistreatment." All right, today guests do not have to be afraid that the waiter will curse them if they ask for a little more ice, but there are a lot of other things besides direct hospitality services that do not exactly attract guests. The first encounter with any city is often of decisive importance, and there are few bus stations in Montenegro whose appearance does not make a person want to go back as soon as he gets off at them.

The latest project of the nimble Bar businessmen is 5B. First of all, it was originally the 3B project and designated the Budapest-Belgrade-Bar link. Then Montenegro's neighbors in Bari heard about it, and wanted to be included in that axis. Then Bratislava also joined that quartet. Meetings of all the interested countries are to be held in September in connection with that.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

When and if this idea is carried out probably will not matter, but it is likely that the same thing will happen with passengers who find themselves at the Bar railroad station.

Kosovo

Rugova Calls For Presence at Paris Talks

AU1610123295 Tirana RILINDJA in Albanian 14 Oct 95 pp 1, 3

[Report by B. Haliti on news conference given by Ibrahim Rugova, president of the Republic of Kosova, in Prishtina on 13 October: "Kosova, Too, Must Take Part in the Paris Conference"]

[FBIS Translated Excerpt] President Ibrahim Rugova said at yesterday's regular news conference that all the states that have emerged from the former Yugoslavia, including Kosova, must take part equally in the Paris Peace Conference on the former Yugoslavia, because Kosova is an international issue. We think that preparations for this conference and its conduct must be in stages. [passage omitted]

Asked by Voice of America's correspondent whether there were signs that the Kosova issue will be tackled by the Paris Conference, President Rugova replied that Kosova, as Mr. Carl Bildt has also said, is part of the package for solving the problems of the former Yugoslavia and is also part of the U.S. initiative, which might now be called the international initiative, of which the Paris Conference is a result. Kosova was also present at the London Conference in the shape of the Working Group on Kosova, and I am hoping and working for Kosova's presence at the Paris Conference too.

A journalist from Belgrade Television had three questions for President Rugova, concerning his response to the criticisms of Mr. Adem Demaci in ZERI over the policies he had led and whether he would accept any suggestions on cadre policy; what direct steps toward settling the situation in Kosova are to follow the ceasefire in Bosnia; and how the journalist himself could enter an Albanian village in Kosova in order to make a documentary program.

President Rugova said that, as for Mr. Adem Demaci, he is active in the Council for the Defense of Human Rights and Freedoms and has done and still is doing a great deal of work in reporting the situation in Kosova. I consider his criticisms to be positive. He always criticizes us and this is a good thing. We in Kosova are fostering a spirit of democracy despite the serious situation; we have criticism and pluralism and have created a multiparty system here. We respect the views and criticisms not only of Demaci but of others in Kosova, Dr. Rugova said.

As for direct steps toward solving the situation in Kosova, President Rugova said that through our resistance and organization we have contributed toward preventing a conflict here and we want the Serbian side to recognize and appreciate this too. We want to solve the question of Kosova through talks and this will benefit Serbia too by freeing Serbia from the Kosova issue and the situation here.

President Rugova told the Belgrade journalist that he can go anywhere in Kosova thanks to Albanian tolerance, despite the casualties we suffer every day.

Rugova Calls For 'Independent,' 'Neutral State'

AU1710152295 Pristina KOSOVA DAILY REPORT in English 13 Oct 95

[FBIS Transcribed Text] Speaking at a press conference in Prishtina today, President of the Republic of Kosova Dr. Ibrahim Rugova hailed the beginning of ceasefire in Bosnia. "We hope that this ceasefire will be a lasting one, and a decisive step towards the solution of all issues in former Yugoslavia," Dr. Rugova stated, and said that the American and European role was crucial in reaching this.

President of the Republic of Kosova, Dr. Ibrahim Rugova, assessed as important the visit of the British minister of state, Sir Nicholas Bonsor, to Kosova. We had fruitful talks with Mr. Bonsor, he said.

President Rugova also hailed the visit of President Berisha of Albania to Brussels, pointing out a statement of Willy Claes on the commitment of NATO to the Kosova issue.

Dr. Rugova also praised the stand of the Geneva Conference co-chairman, Carl Bildt, for the inclusion of Kosova within a global solution to the crisis in former Yugoslavia. "We demand that all countries emerging from former Yugoslavia, including Kosova as an international issue, participate on an equal footing in the forthcoming Paris Conference," President Rugova said. President Rugova once again stressed out that Kosova as an independent and neutral state, open to Albania and Serbia, is the optimum solution to the issue.

Continuing, Dr. Rugova made an account of repression in Kosova over the past week, pointing out numerous cases of ill-treatment and harassment of Albanians. He repeated his call for the release of Mr. Ukshin Hoti and all the other Albanian political prisoners.

Halt of repression is one of the preconditions for talks between Albanian and Serbian side on the Kosova issue, said Dr. Rugova replying to a question by reporters.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Asked to comment the ever-increasing involvement of Germany in the Balkans, amid news that Germany will be sending troops in Bosnia, Dr. Rugova said that Germany has been playing an important role within the international agreements and NATO. It is a very important and positive involvement, a contribution to stability in the Balkans. After the reunification, Germany has been playing an important role in building peace and stabilizing different regions, President Rugova underscored.

Asked by the Belgrade TV reporter what impact the resolution in Bosnia will have in Kosova, Dr. Rugova expressed his hope that a lasting solution will be reached in Bosnia. As to Kosova, he said: "With our nonviolent resistance, we have contributed to preventing a conflict, and we would like to see the Serbian side acknowledging and recognizing this. We want to see a solution through dialogue. It would be an advantage for Serbia if it is set free of Kosova and the situation there. We have repeatedly pointed out the presence and the interests of the Serbian nation in Kosova, and we guarantee that all their rights will be ensured. An independent and neutral state is the optimum solution for all," President of the Republic of Kosova, Dr. Ibrahim Rugova concluded.

Commentary Views Impact of Economic Problems

AU1510154995 Zurich BOTA SOT in Albanian 12 Oct 95 p 4

[Commentary by Hamdi Sopa: "After Prosperous Dreams—Confrontation With A Bitter Reality"]

[FBIS Translated Text] The card of "responsible perpetrator"—most often the Albanian workers and leaders—has already been definitively used up. The burden of all setbacks and failures in the Kosovar economy fell on them. Through sometimes implementing the so-called temporary measures and other times the violent ones and God knows what other measures, Albanians were purged not only from the leading posts in the economy but from almost all Kosovar staffs in the spirit of euphoric rallies and in the name of the fight against "the leadership of the separatist economic policy" and the cleansing from "destructive elements." For this reason, accusations on their behalf can no longer be raised, as they no longer hold any posts in the leading staff, nor have the right to decide, nor bear any responsibility for the negative courses in all branches of the economy. Under such a situation, the conflict has been carried within the Serbian leadership and workers. Settling accounts among them has consequently resulted in frequent and long strikes in many facilities in Kosova.

Let us mention only several examples: In the tool factory in Ferizaj [Urosevac], the Serbian workers have been on strike for months to replace the violent and corrupted leadership which, after the raids and sale of machineries, has no longer been able to ensure jobs for the workers and pay their salaries. A report by the steelworkers branch of the Union of the Kosova Independent Trade Unions [BSPK] states that in 'Vinex' in Vitia [Vitina], where all the Albanian workers have been dismissed from the staff, two directors, Slavolub Paic and Danilo Ivanovic, were ousted some days ago under burglary charges. All the workers of this staff are on strike.

In the social "Yugoterm" Enterprise in Gjilan [Gnjilane], special lamps for batteries and other items, amounting to over 20,000 German marks, were being stolen for a long time. It is believed that this has been perpetrated by the enterprise leaders. Such acts of abusing the leadership position were also noticed in the social "Metallac" Enterprise in Janjeve. We can enumerate hundreds of such examples in the entire Kosova.

No deep analysis is needed to reveal the effects of the marathon for "brotherly integration" of the Kosovar staffs with the Serbian ones, whose fruits the Serbian workers are "enjoying" today in empty halls, violent holidays, and as a technological excess, with incomes not being able to make their existence.

The leadership of such an economic policy in Kosova, and generally in Serbia as well, has brought about a more than unbearable degree in the social reality. No medium strata exists, and over 90 percent of the population lives on or below the borderlines of the minimum existence. As opposed to this, a small strata of profiteers lives in the highest style, chasing after the opus of luxury and frenzied life. The reason no social upheaval of the famished has occurred so far lies in the fact that the power has successfully been manipulated, always keeping over their heads the syndrome of war and the propaganda indoctrination that all the evils are a product of the treachery by the dark forces of the West.

LDK: Serbs Levy 'Heavy Taxes' for Settlers

AU1410163495 Pristina KOSOVA DAILY REPORT in English 10 Oct 95

[FBIS Transcribed Text] The LDK (Democratic League of Kosova) Information Commission in Skenderaj, in a monthly report on Serbian regime/police practices over September this year, said the repression and persecution of the Albanians has continued unabated. Over last month alone, 29 persons were physically ill-treated under various Serbian contrived pretexts, 15 others were ordered to appear at the police stations for

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

interrogation, four Albanians were sentenced to up to 60 days in prison at the Magistrate Court in Skenderaj, while over a dozen had their homes raided under the pretext of arms searches. The report makes mention of other forms of harassment of the people in this region, such as intervention at Albanian-language schools and intimidation of schoolchildren and people involved in education, etc.

Alongside with the settlement of Serb colonists in this municipality, the Serbian regime has been widely engaged in plundering and levying heavy taxes on Albanians to cater for the needs of Serb arrivals. During September, Albanian private-business owners and citizens have been seized money and goods estimated to a DM [German marks] 14,000, the report says.

End to Serb State-Sponsored 'Terror' Urged

AU1410190195 Pristina KOSOVA DAILY REPORT in English 10 Oct 95

[FBIS Transcribed Text] A report issued by the Amnesty International (AI) in September 1995 in which an account of the Serbian regime's trial of the "leaders" of the alleged "Republic of Kosova Ministry of Defense" recalled the fact that the self-styled Yugoslavia (Serbia and Montenegro) has so far failed to investigate allegations of torture by the Serbian police/security of Albanian defendants. In its report Yugoslavia: Ethnic Albanians—Trial by Truncheon (AI Index: EUR 70/01/94) AI has made a number of recommendations for the prevention of torture and ill-treatment and unfair trial of the Kosova Albanians.

The Serbian regime has turned a deaf ear to calls for bringing those responsible for torturing Albanians to justice. And the fact is most of the Albanian defendants—who have faced what have generally been seen as staged and political Serbian trials—have testified to horrendous practices they have experienced in Serbian police and security hands. The casualties of Serbian state terror against Albanians are known by name. Those killed, wounded, and tortured by the Serbian forces are known. Known, even by name, are also the direct Serbian perpetrators and those responsible for the crimes. It has become a commonplace assumption that behind the systematic Serbian regime's repression and violence has been the regime's goal: to ethnically cleanse Kosova, by driving Albanians out and settling Serbs in.

The Serbian regime's ethnic cleansing drive in Kosova has been noted also by the UN General Assembly. Serbian regime's violence and repression has been stepping up in Kosova despite an ever increasing awareness by the world and the domestic opinion on the outrageous situation here. Belgrade has ignored such crimes as the killing of 10-year-old Albanian child Isa Berisha at Hani i Elezit, the torturing to death of LDK activist Shefki Latifi in Podujeve [Podujevo], then the killing of Ymer Agushi at Grqina village of Gjakove [Djakovica], to name only a few cases.

The Amnesty International's appeal comes in the wake of the start of the trials in The Hague of persons accused for war crimes in former Yugoslavia.

The atrocities committed by the Serbian occupying forces in Kosova undoubtedly make part of the Serbian crimes which should be tried in The Hague. Dozens of Albanians, including children, have been shot dead in the past few years. Nobody has been held responsible for them. The Serbian regime has moreover, cynically, laid the blame with the victims. Meanwhile, thousands of Kosova Albanians have been tortured allegedly in connection with arms searches in the last couple of years.

The International Helsinki Federation (IHF) for Human Rights has noted recently that colonization of Kosova has continued and intensified in 1994 and 1995, adding that the Serbian regime's aim is to exploit discriminatory laws to assimilate Albanians.

Serbian President Milosevic said in a recent interview with the BBC that the situation in Kosova is stable (sic!), declining to accept any responsibility for the outrageous record of his regime in Kosova.

Given the fact that the plight of Kosova, namely the human rights record, is well known, as well as in view of the fact that The Hague Tribunal has commenced work, the international community can send a clear message to Serbia: bring to an end to state sponsored terror in Kosova. A dossier of the Serbian crimes in Kosova has already been submitted to The Hague Tribunal. Now is the time to act.

Serbian 'Ill-Treatment' of Albanians Reported

AU1510144095

[FBIS Editorial Report] Pristina KOSOVA DAILY REPORT in English Nos 721, 722, and 723 on 9, 10, and 11 October carry several reports on Serbian police "repression" and "violence" under the pretext of searching for weapons in various areas in the province.

KOSOVA DAILY REPORT No 721 on 9 October reports that two Albanians from Hade village "were ordered to report" to the police station in Obilic on 4 October "in connection with alleged illegal arms possession." Sources in Obilic say that "both were subjected to severe ill-treatment." The report further notes that "as they failed to hand over pieces of weapons

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

they were allegedly in possession of, they were ordered to report again to the police."

It is reported that the Serbian police on 29 September "raided" the home of an Albanian resident at Grabovc village allegedly "in search of arms." Following the search, the police detained the Albanian and his brother, who told the Kosova Information Center [KIC] that "while in custody, he was beaten unconscious and ordered to report again to the police." The Albanian also confirmed that "while in detention, he had seen half a dozen of other Albanians being beaten up brutally at the police station."

Report No 722 on 10 October points out that "the Serbian-installed management" of the Pristina-based Puppet and Children's Theater Dodona "prevented" the theater cast "to take part" in the Balkan puppet theater contest held in Tirana. An Albanian actress told the KIC that although the Dodona actors had "submitted an invitation to take part at the festival" earlier this year, the "Serbian-installed director" of Dodona "prevented them from traveling to Albania."

Another report on 10 October notes that "under the pretext of arms searches," the Serbian police in Kamenica "raided" the home of an Albanian at Kacanik. Sources in Kacanik say that the Albanian was "ill-treated brutally" by Serb policemen "in the presence of family members" and "was taken to a forest outside the town and beaten up for over three hours." The Serbian police on 25 September detained an Albanian from Tuxhec village, who was subject to "severe torture" and "had his home raided on in connection with arms possession."

On the same day, sources in Pristina report that the Serbian police on 5 October "searched for arms" at the home of an Albanian from Kolovice village. As the Albanian did not possess any "piece of weapon" requested by the police "to hand over," he "left his home" and went "into flight," while the Serb policemen have been "raiding" his home "every day since then." It is also reported that an Albanian from Brovine village has been "ordered to report" to the police station in Djakovica "every day since 26 September" and has been "requested to produce a revolver he was allegedly in possession of."

Pristina KOSOVA DAILY REPORT in English No 723 on 11 October reports that on 7 October, an "armed Serb soldier halted" three students from Malisevo near the Serbian Army headquarters in Pristina and "harassed them with no reason whatsoever." The three Albanian students "were initially detained for three hours at the Serbian Army headquarters" and later "handed over to the Serbian police." One of them told the KIC "they were physically abused both at the Serbian Army premises and police station in Prishtina. They were crossexamined over the reasons they had come to Prishtina and whether they had completed their military service." The report concludes that the three students were "ordered to report" to the Serbian police station in Pristina on 13 October, adding that: "The heavy Serbian police and army in Kosova have been exercising harsh repression against the Kosova Albanians. The Serbian police and military work closely together in their bid to target Albanians. Albanians, young people mostly, when arrested by the Serbian police, are handed to the army or the other way round."

Report No 723 also notes that Sadik Haxhiu, secretary of the LDK branch in Vitina, has been held in Serbian police custody since the morning of 10 October. Sources in Vitina say that two Serb policemen went to his home "ordering him to report" to the local police station. The Albanian "is still being held in the police station," while "the Serbian authorities have not issued any explanation as to his detention."

Vojvodina

Negative Semiannual Economic Results Reported

95BA0375A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 11 Sep 95 pp 18-19

[Article by T. Nikolic: "Losses Pile Up"]

[FBIS Translated Text] After the relatively successful implementation of the Program of Monetary Reconstruction in the first half of last year, the lag in the economy has lasted for almost a year, so that the economic picture in the first half of this year has assumed all the characteristics of stagflation; this has been unavoidably reflected in financial results. Specifically, judging from the half-year accounts for the January-June 1995 period, which were worked out by the Service for Payments Turnvoer, losing sectors are dominating in the Vojvodina economy, which is clearly illustrated by the data in Table 1 [not reproduced here].

As is shown, 57 percent of the total number of employed persons in the Vojvodina economy are in losing sectors, as are 42.6 percent of total income, 63.3 percent of assets or liabilities, and 63.6 percent of durable capital, which has never been noted up to now in a so-called socialist economy.

Such unfavorable financial results in the economy in the current year would be still worse if the system of revaluation had not been changed, and if the commercial rate of exchange had been applied instead of the official one, in which case the total expenditures and the current losses would be much greater than those indicated.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

An analysis of the structure, both of revenues and expenditures, directs us to this conclusion. Specifically, total revenues amount to 10.4 billion dinars, of which business revenues account for 92.4 percent, revenues from financing for 1 percent, extra revenues for 3.5 percent, and capital gains for 0.1 percent. Compared to the first half of last year, total revenues are 68.1 percent greater, business revenues 85 percent greater, and extra revenues 233.6 percent greater, while revenues from financing have been more than halved (an index of 47.3); this necessarily caused a change in the structure of total revenues.

Total expenditures amount to 10.9 billion dinars, and are greater than total revenues by 4 percent, significantly less unfavorable than in the same period last year, when expenditures were greater than total revenues by 30.2 percent, thereby bringing about a large drop in losses, about which more will be said later.

In addition to the effect of the rate of exchange, the modified system of revaluation also affected the structure of overall expenditures; this contributed to the fact that expenditures for financing account for 6.4 percent of overall expenditures, while they amounted to 35.3 percent of total expenditures in the same period last year. Such movements in the volume and structure of total expenditures brought about a reduction in the level of current losses from last year's 2 billion dinars to 640 million dinars.

The profit realized in the economy of the AP [Autonomous Province] of Vojvodina amounts to 217.5 million dinars, 2.2 times as much as in the same period last year. The increase in profit (by 122.8 percent) is greater than the increase in total revenues (68 percent) by 54.7 index points; this contributed to an increase in the share of profit in total revenues from 1.6 to 2.1 percent. The part of the economy that has a positive financial result, which, in essence, realized this profit, accounted for 3.6 percent of total revenues. Of the profit indicated, social property accounts for 40.2 million dinars or 18.5 percent, private property 106.5 million dinars or 48.9 percent, mixed property 68.9 million dinars or 31.7 percent, and common property 2 million dinars or 0.9 percent of the total profit of the Vojvodina economy.

Every third organization showed losses amounting to 639.7 million dinars, but the greatest part of the losses were concentrated on 98 legal entities, who had losses greater than 5 million dinars (15 of them) or greater than 1 million dinars.

Fifteen legal entities accounted for the greatest part of the losses, with individual losses in excess of 5 million dinars; most of them are in industry.

The fifteen legal entities cited, whose individual losses exceed 5 million dinars, account for 268.8 million dinars, or 42 percent of total losses in the economy.

There follow 83 legal entities, whose individual losses exceed 1 million dinars; their total losses amount to 164.5 million dinars. This, together with those 15 legal entities, results in total losses of 433.3 million dinars, or 67.7 percent of the total losses in the economy of the Autonomous Province of Vojvodina.

Viewed by ownership, social property accounts for 388.1 million dinars in losses or 60.7 percent, private property for 85.9 million or 13.4 percent, mixed property for 148.5 million or 23.2 percent, and common property for 17.2 million or 2.7 percent of total losses.

The basic causes of the losses are the low level of utilization of capacities, problems with importing necessary production materials, which are primarily the result of the economic blockade, more difficult realization of products caused by the dropoff in the domestic market and the effects of the international blockade, the low purchasing power of the population and general illiquidity, a shortage of working capital, a disparity in prices between between production and selling prices, the social function of enterprises that has not been swept out of them, and weaknesses in the measures of economic policy.

Moreover, as to cutting the balance, when parts of overall revenues and overall expenditures are compared, and the figures for losses alone are taken into account, it can be concluded that 38.5 percent of current losses can be explained through insufficient revenues (greater business expenditures than business revenues), while 26 percent relate to financing (greater expenditures from financing than revenues from financing) and 35.5 percent of the losses relate to the mutual relations of extra revenues and upcoming expenditures, which come about because of the large volume of extra revenues based on the writing off of unpayable claims, which, as is known, is a consequence of the condition of general illiquidity, as well as the insolvency of a great part of the economy.

Average net earnings amount to 282 dinars, or 257 dinars for losing entities and 315 dinars for positive ones, based on the average of the economy. However, in social property, earnings in positive entities are greater, on average, than those in losing entities by only 2 percent, while that difference is significantly greater with private and mixed property.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.